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A Marketing Plan for Agribothnia Finland Oy

International Business
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ABSTRACT

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Agribothnia Finland Oy is a grain export company, which has sales experience in Europe. Now the company wishes to enter the Asian market, and China is determined as the first target. The company hasn't done any market research about China, but China is much different from the European countries. The thesis aimed at examining the company background and situation, finding theory support, analyzing Chinese market factors, and forming a useful marketing plan.

The company hopes to find a Chinese factory to cooperate with, develop channels, and establish online sales platforms. The basic and practical theories to support the analysis were marketing mix, SWOT analysis, and Porter's 5 forces analysis. The main research problems were B2B marketing, B2C marketing, and online marketing and branding.

A questionnaire was used to analyze the research questions of marketing, but the segmentation was still difficult to determine, therefore interviews were made to support the target customer, target district, and factory location. The outcome was a brief marketing plan which summarized the results of the analysis and offered some suggestions. More and deeper market research is needed to support the business in the future.

Key words Marketing, marketing plan, Chinese oats industry, B2B and B2C marketing, brand, Chinese online marketing, Agribothnia Finland Oy

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1 INTRODUCTION

1.1 Thesis background

There has been considerable speculation on oats produced by Agribothnia Finland Oy with regard to a potential opportunity to enter the Chinese market.

With the growth of the Chinese economy, there is a tendency that people emphasize healthy lifestyles more than they used to. The noticeable increase in consumption of oats with limited area to plant and limited conditions to grow highlight the need for higher quality and oats with higher nutritional value.

In 2017, Xi Jinping extended his warm congratulations and best wishes to the Finnish government and people on the 100th anniversary of Finland's independence. In recent years, the cooperation between China and Finland's economy, trade, science and technology, environmental protection and humanities has been deepening. At present, both countries are actively building and promoting a new type of cooperative partnership for the future. Sino-Finnish relations are facing new opportunities for development.

With Sino-Finnish relations going further, Finnish oats are permitted to enter the Chinese market. It takes two months from Finland to China if goods are transported by the sea, while ten days is needed if using the belt and road. What's more, based on empirical research, Agribothnia Finland Oy demonstrated that the survival rate of Finnish oats seed is approximately 96%, while the protein of hulled oats is 11% and 2% impurities are contained, which proved Finnish oats have higher quality than Chinese native oats to a certain extent.

An instance where this has been demonstrated to work successfully has been the higher mature rate of oats, declined diseases of ruminants, and increased medicinal value of cosmetics.

This would suggest that Finnish oats, would be required greatly by farmers, ruminants as well as the people in need in the following years.

Based on the high quality of Finnish oats and the demand by the Chinese people, Agribothnia Finland Oy has made more advantages in entering the Chinese market.

1.2 Aim of the thesis

During the last summer vacation, I did my training at Yum China Holdings, Inc. and worked for Kentucky Fried Chicken (KFC). Agribothnia Finland Oy would like to export oats to KFC and be a long-term supplier. However, KFC had already built cooperation with several food companies, and based on the contracts, it would be difficult to change suppliers in a short time. Later on, Agribothnia Finland Oy decided to find a Chinese factory which can reprocess the oats and sell the finished products to the Chinese market. At the same time, since the semi-finished products (hulled oats) could also be used for planting and raising ruminants, the company would also be willing to sell semi-finished products to Chinese customers directly.

After my training finished, I came back Finland, decided to write about marketing, and prepared to find a case company for my thesis. Luckily Agribothnia Finland Oy showed its passion; they knew that China is a potential market for them, and they were willing to support the information which might be needed to compose a thesis.

The company only has business in the European markets today, and the Chinese market is quite different. What I want to produce is, by analyzing some theoretical marketing methods, a study at the latest Chinese market situation, by sending out questionnaires to potential Chinese consumers and analyzing the results, by developing several interviews to most who work in the same industry in China, and finally summarize and offer a useful marketing plan to help the company with building up their business in China.

Everything is based on how the company wants to develop, and my ultimate aim of thesis is to offer marketing information and help for Agribothnia Finland Oy in making profit. If possible, other companies which are preparing to enter the Chinese

market might gain some inspiration from this thesis, and the work might be used as reading material for business students.

1.3 Research

To begin with, a theoretical approach needs to be designed. There are quite a lot procedures and perspectives to exporting goods into another country. Agribothnia Finland Oy is exporting to Asian market for the first time, and they have chosen China as the first step. In the beginning time, they have to understand the Chinese situation than ever before. A marketing plan can be useful, and the theories shouldn't be too professional or deep. Theories which are easy to understand, and handle will make sense, for example, the macro and micro environment, a SWOT Analysis, Porter's Five Forces Analysis and suggestions about 4Ps and 7Ps.

Furthermore, research questions which need to be undertaken should be clear. The main questions that should be examined including marketing (market analysis, distribution channels), segmentation (main factories, target customers), marketing mix (product, price, place, promotion, people), B2B and B2C marketing, online marketing, brand, and competitors analysis (Chinese native competitors, foreign competitors). The separated theories will be connected into solving different characteristics of Chinese customers, the latest development of Chinese food industry, the native and international oats companies in China, and how to deal with the Chinese market.

When it comes to research approach (framework of the thesis), the basic steps for the research are shown in the following figure:

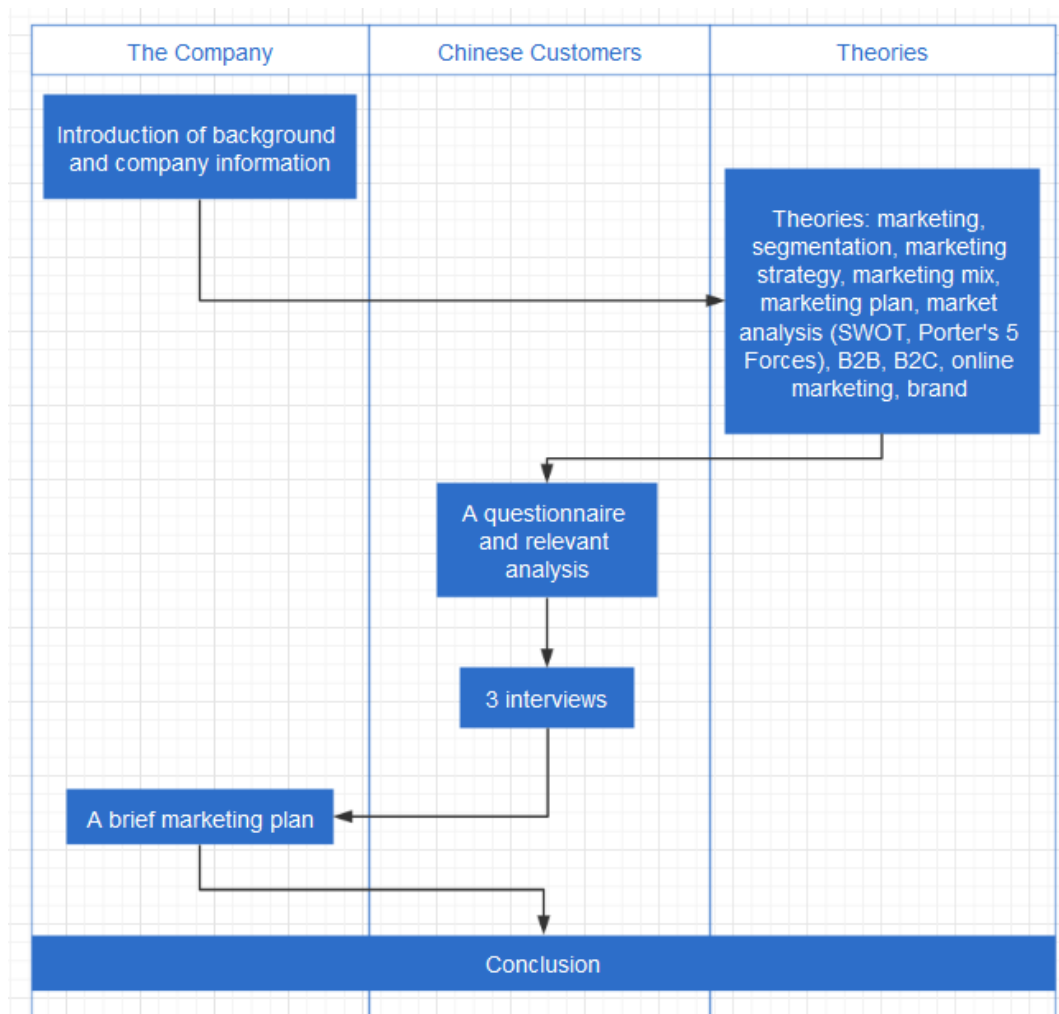


Figure 1 The framework of thesis

1.4 Scope and limitation

Firstly, the company has only done research of Chinese Macro-environment (politics, economy, culture, technology, etc.), but nothing about marketing has been done, and in order to make the marketing plan more useful and easy to understand for the company, PESTEL analysis will be skipped because the company has done this part, while some of the basic marketing principles will be analyzed, for example, marketing definition, segmentation, marketing strategy, marketing mix, the importance of marketing plan, and some marketing analysis. What's more, based on the product features, what the company hopes to be: the consumers can order the

products directly through online platforms or the company can sell the semi-finished products to Chinese factories. Because the Chinese culture is different, and some of the social software and platforms cannot be used in China (for example, Google, YouTube and Facebook), a solution needs to be found. Also, branding methods should be used to make the company impressive. To summarize, what is most urgent is B2B marketing, B2C marketing, online marketing and branding, and these are also the important topic areas in this thesis.

Secondly, the perspective of this thesis is insufficient. With limited time, knowledge, information and financial support, it's difficult for me to offer the whole process and procedures from planting in Finland, packaging, transporting, re-producing and selling in China. A marketing plan for the Chinese situation might be useful at the beginning time to export for Agribothnia Finland Oy, whereas more specific and adequate researches is needed for long-term development.

2 COMPANY INTRODUCTION

In this section, an introduction to Agribothnia Finland Oy is divided into two parts: my own view based on reality and my experience, and how the company thinks about itself.

The company was established in April 2016, but some trade had already been made before the establishment. The average sales per year is about 16 thousand Euros. With the management of five members, and cooperation with five suppliers, the company is expanding the business in the European countries. The next target is to enter the Asian market, and China is the first country to enter.

From my point of view, when Finland is mentioned, people will come up with the hometown of Santa Claus, sauna, pure air, beautiful nature environment. People rarely realize the Finnish cuisine, let alone oats. In fact, Finland enjoys the reputation of The Country of European Oats, whose land area accounts for 3% of the entire European continent but produces nearly 13% of oats throughout Europe. Compared with other oats, Finnish oats are characterized by their large size, good appearance and light color. Oats are soft and nutty with a fresh aroma and are typical examples of high-quality oats.

Agribothnia Finland Oy is located in Kesti, Finland. It has developed really fast, and the business has been extended to several European countries, for example, Italy, France and Germany. Owing to the perfect quality, the company has good profits. And based on the scientific data, Finnish oats have better quality than Chinese native oats and even better than some of the competitors. The only disadvantage is the high transportation fees from Finland to China, and the logistics costs cannot be cut down and they will not be changed in a short time.

From the company's view, Agribothnia Finland Oy is a food import and export company, with the main products of leather oats and barley. The company has its own farm, modern management, and mechanized operations, from the wheat fields to warehousing, warehousing to the terminal, from the terminal to the customers,

full of serious and pragmatic spirit. The company use the easiest way, and the most convenient process to provide the highest quality oats.

Finland's cereal exports are concentrated in the hands of major chain retailers, with the price of cereals pushed down. Agribothnia Finland Oy was established as a means of exporting food without many intermediaries. The company wants to share the gift of nature to all over the world.

Oats can be grown in all types of soils and in most of climates. Oatmeal is an excellent protein aggregated cereal because it is rich in amino acid and rich in lysine for the calcium and muscle development required by the body. Oats are rich in vitamins and trace elements such as zinc, copper, iron, selenium, magnesium and vitamin E. In addition, eating oats is now quite popular in most developed countries.

The products from Agribothnia Finland Oy have the following advantages:

To begin with, they are pure and natural. Finland is located in the central northern Europe, with sunshine in summer, and suitable for the full function of crops. In winter with the polar nights and short days, the seed have a full dormant period. Blessed natural environment, pregnant with the world's best oats, Finland also known as Oat Country.

Secondly, it is healthy and safe. In Finland, the winter is long and cold with the minimum temperature reaching minus 30 degrees Celsius. In some areas, nearly six months of the year the ground is covered in snow. A long period of cold stops many pests and crop diseases cannot occur, which ensures the safety of high-quality green organic crops. Finnish products of oats trace their growing fields to ensure the health and safety of oats.

Last but not least, Finland's summer temperature is suitable, and adequate light time is conducive to crop photosynthesis. This also ensures that the Finnish oats have enough time to grow to the maximum size before flowering and yield in truly full-bodied and nutritious oatmeal.

Since the high quality of oats, Agribothnia Finland Oy has confidence in starting business operations in the Chinese market.

3 THEORY

3.1 Theoretical framework

The following offers a brief content about the theory framework of this thesis and the reason why it was shown in this way:

1. **Marketing:** Agribothnia Finland Oy is going to start business in China, but the company has not done any marketing analysis, research or planning. In this chapter, a series of theories about marketing definition, importance of marketing, marketing process, marketing factors will be listed.
2. **Segmentation:** Since China is a large market with the population of 1.38 billion and the area of 963 million square kilometers, segmentation is necessary. Theories about segmentation, targeting, positioning, and the importance to have target customers will be explained.
3. **Marketing strategy:** Theories about the definition and importance of marketing strategy will be listed, because it contains the key information of marketing, and it can offer best market opportunities. The product life cycle model will be explained because companies need to follow the stages and adjust prices and promotions in different periods.
4. **Marketing mix:** Everything needs to be planned before starting up the business, a series of basic questions about 4Ps will be demonstrated, and one more P (People) will be discussed. It is because Agribothnia Finland Oy only has done business in the European markets, and this is their first time to enter the Asian market. What's more, the Chinese people are much compared with Europeans in lifestyles, attitudes, and thus special attention should be paid on these 5Ps. Process and Physical evidence will not be included, because the company is in the early phase in the Chinese market, these might be needed in the future, but the 5Ps are more important and urgent now.
5. **Marketing plan:** The aim of this thesis is to offer a marketing plan for Agribothnia Finland Oy, thus the definition and importance of a marketing plan will be discussed.

6. Market analysis: Because a complete analysis of the company's situation is the first step to managing the market, a series of theories about market analysis definition will be given. SWOT analysis and Porter's Five Forces are chosen to analysis, as they are simple, easy to understand, and offer an easy way to make clear the company's position and environment. What's more, based on my interview with Agribothnia Finland Oy, a SWOT analysis was asked to be included in my plan by the CEO of the company.
7. B2B marketing: Agribothnia Finland Oy said it would be good if B2B marketing can be included, it is because the products can be used as seeds to plant, food for animals, and even the raw material to produce make-up, and it will be good if cooperation relationships can be built with Chinese companies or factories.
8. B2C marketing: It is needed because it is easier and cheaper to sell products directly to customers, such as farm owners. Thus, the B2C theories are important, and differences between B2B and B2C should be clear.
9. Online marketing: It is important as necessary to be included. As is known, a lot of websites and software cannot be used in China, for example, YouTube, Facebook and Google. Based on the advantages of online marketing, a Chinese way is needs to be developed. Lots of Chinese websites, platforms, software and functions will be given, and examples about developing successful business with LinkedIn, Twitter and Facebook will be demonstrated. Later on, in the analysis of this theory, methods about developing Chinese software will be discussed, because it will be easier to understand what is used Chinese daily life, and there are quite a lot of similarities among the different software so then it will not be hard to develop Chinese ones.
10. Brand marketing: It is one of the key questions for companies to develop in their business. Theories about brands, brand marketing, importance of brands, and the process of building a strong brand will be discussed.

To summarize, the basic and practical marketing theories will be demonstrated step by step aiming at forming an easy-to-understand and useful marketing plan. Everything is based on real needs, while B2B and B2C marketing, online marketing and brand marketing are key points, since they were asked for by the company.

3.2 Marketing

Marketing is a process. It helps companies to create value for customers and build customer relationships to capture value from customers in return (Kotler 1996, p. 5).

According to Kotler (1996, p.5), marketing is a job for managing customer relationships. The job target can be separated into maintaining and developing the current customers by offering satisfaction continuously, as well as attracting and gaining profitable potential customers by delivering value.

Marketing is about making decisions and selecting solutions about which customers to have, what products and services to offer, and what the company should implement in order to realize customer satisfaction. (Drucker et al. 2012, p.2)

There are two critical factors in marketing that needs to be considered. Firstly, what the customer needs is the value and benefits of the product, rather than the product itself. Secondly, customers have the right to compare different products and make choices in a buying situation. Thus, the customer alternatives and their special needs also make sense in marketing. (Mooradian 2012, p.64)

According to various websites, marketing is a process. Companies need to discover the needs of customer, promote the whole business and the products itself, and sell the products and create value as a result.

If a company is able to understand the real needs from customers, keep improving the value of its products, and deal with distribution and promotion in the right way, then the products will be easy to sell. (Armstrong 1996, p. 5)

Based on the listed marketing definitions, marketing is a critical factor for a company. Companies should create valuable products based on customers' needs and focus the business on meeting some specific needs of some specific customers. Then the question comes to analyzing the current market and determine what kind of customer to have, how to figure out their real needs, what kind of distribution channels to use, and how to be competitive.

3.3 Segmentation

“Marketing management is the art and science of choosing target markets and building profitable relationships with them.” (Kotler, 1996. p. 8)

According to Kotler (1996. P. 8), in order to succeed in the market, a company needs to make clear two things: who to serve (what the target market should be), and how to offer the services (what is our value proposition).

The theory of market segmentation was put forward by American scholar Wendel R. Smith (1956). The theory means that a company should start from the real needs of consumers and based on similar characteristics or buyer behavior of the consumers, then separate the consumers with different demand features into different consumer groups.

Later, Philip Kotler (1996) further developed and perfected the subdivision theory, and formed a mature STP theory (segmentation, targeting, positioning).

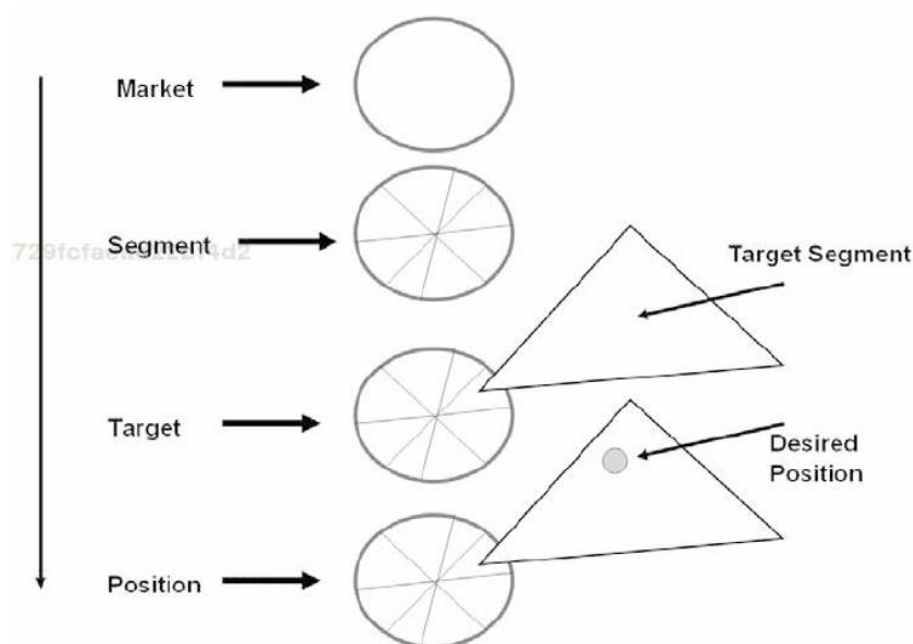


Figure 2 Segment, target and position

As shown in the Figure 2, segmentation can be divided into three steps. First, identify the mass market and identify the various segments within the overall market using a variety of criteria.

Second, the organizations select and target the particular segments which appear to represent the strongest marketing opportunities and match most closely the resources available to the organization.

Third, position products/services in such a way that buyers can clearly differentiate what is being offered from the prevailing competition.

To make it easy, the segmentation process means that the most profitable area of the business should be chosen all the time.

According to Mooradian (2012. P.194 – 196), segmentation is to choose products, services and the overall marketing program, to the needs of the individual segments.

Segmentation methods can be separated into different perspectives. Take consumer segmentation variable for example, the segmentation factor contains: geographic (geographic region, city size or density), demographic (age, gender, family life cycle, income, occupation, education, and social status), psychographic (personality traits, lifestyle, attitudes about such factors such as self, family and society), and behavioral (user status like first-time user or regular user, intensity of use, urgency, reason, cycle of demand, attitude and innovativeness).

What's more, the segmentation process can also be analyzed from the organizational segmentation variables perspective. The factors can be divided into macro variables (demographics like size, industry, location. Operating variables include technology, user or non-user status, capabilities. Purchasing approaches and situational factors include urgency, order sizes, product application), and micro variables (personal characteristics like motives, risk-taking tendencies, and loyalty).

Market segmentation theory has been widely applied to guide the future development in different companies. The theoretical basis for the market segmentation of marketing activities is twofold: firstly, the heterogeneity of customer needs. The customer has its own characteristics in terms of needs values, beliefs and wishes. Secondly, resources and market competition efficiency are limited. Since the limitations of the company's conditions, it is difficult to meet all the requirements from

consumers. Therefore, a company needs to select the most attractive market segment that it can effectively serve, and with which obtain and enhance its competitive advantage.

3.4 Marketing strategy

Marketing strategy is based on analysis, which offer the best market opportunities to the target market and value creation (Philip Kotler & Kevin Keller, 2002).

According to Wikipedia, marketing strategy is a process from analyzing and evaluating the current market situation and selecting market-oriented solutions aiming at achieving the market objectives. It contains the key information of marketing, for example, the value proposition, market development and target customers of the company. Marketing strategies are long-term decisions, emphasis on sustainability, and it is needed to fit the overall marketing plan. Briefly, marketing strategy may refer to a process or to its outcome, and it specifies what, who, when, where, why, and how of the business (Todd et al. 2012, p. 2).

According to Isobel & Robin (2008), a marketing strategy is vital for a company, and it is fundamental for a marketing plan. Basically, a market strategy summarizes the result of previous market research and aiming at achieving the satisfaction of customers. Next the following questions will be analyzed: how to segment in the international market? How to find the right target and the position? How to create value for consumers? And how to arrange the suitable strategies of pricing, distribution, communication, and company image.

Sometimes, a marketing plan means a series of marketing strategies, since the strategies reflects the distinction and relationship between customers and sellers. Marketing used to be simple, only the customers' needs to be dealt with, however, with the development of factors such as information technology, e-commerce, B2B and B2C, and outsourcing, the marketing has become a big category.

The reason why marketing strategies are needed and what the company expect to achieve may not be consistent with the reality. Correct and suitable strategies can help the company to fulfill the market requirements and realize the objectives.

3.4.1 The product life cycle model

While formulating marketing strategies, all the aspects of marketing policies should be considered, including enterprises, consumers, distributors, terminals and sales teams, and the strategy should satisfy all the needs of them. Based on the different stages of development, strategies should be improved and updated.

According to Investopedia, product life cycle is a kind of strategy, and it describes how the product is developed, introduced to market and removed from the market based on time.

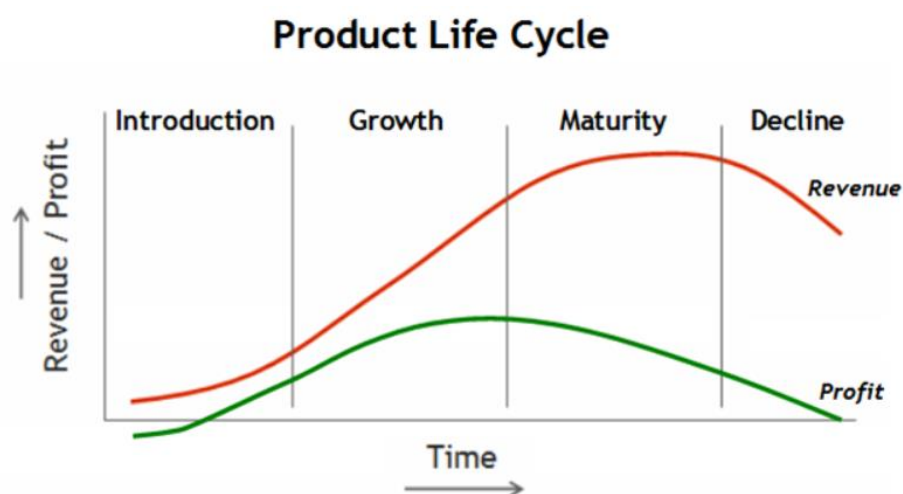


Figure 3 Product Life Cycle

The life cycle-related changes in the market, and the different strategies firms pursue across the life cycle drive changes in the type of marketing mix and offerings that a firm can effectively offer.

As shown in Figure 3, the first stage is introduction. It is defined by a single new and innovative product. The number of products is limited, and new technologies as well as the core benefits should be focused. With none to limited competition,

low industry capacity, unsophisticated customers, gross segments, limited availability in channels, and core products are delighters. The scope of the strategy is targeting innovators and early-adopters but often via “shotgun” marketing mix. The differential advantage is core benefits (performance) speed-to-market (Todd et al. 2012, p. 120).

The second stage is growth. Differentiation is an important element at this time. Aiming at growing segments and greater heterogeneity, and opportunities for niche and mass strategies. The differentiation is core benefits, and the strategies should approve differentiating and features innovation. At this stage, the competition keeps growing, and industry capacity is increasing. With variety increasing products, more sophisticated customers, more demanding, and channels have broader distribution.

The third stage is maturity. The symbol of achieving this stage is increasing price competition evident in increasing consumer and trade promotions. With intense competition, overcapacity in industry, price consciousness, emergence and clarification segmentation, and mass and direct channels. In this stage, niche opportunities remain but become limited, as well as mass dominates. And continuous innovation is needed.

The last stage is decline. However, not all products enter a true decline stage. The scope would be profitable survivor. At the same time, competition would be concentrating and contracting, prices are advantageous, commoditization of core benefits, differentiate by new attributes, and channels would be limited. The differential advantage is only price, and innovation should be done to extend life cycle or breakthrough to new category.

The features in different stages can be summarized. In the introduction period, sales are low, cost per customer is high, with financial losses, innovative customers and few competitors. In the grow period, sales increases, cost per customers falls, profits rise, and the number of customers and competitors increases. In the maturity period, sales go to peak, cost per customer is lowest, profit is high, market is massive, and

number of competitors is stable. In the decline stage, sales falls, cost per customer is low, profits fall, customer base contracts, and the number of competitors fall.

Based on the features, strategy should be updated as the stage in the product life cycle changed. In order to make it easy, the strategies here are analyzed from product, price, promotion and distribution perspectives:

In the introduction stage, the product should be limited, pricing should be skimming or penetration. Skimming make profits by using new technologies, while penetration use low prices to gain market share, brand awareness and so on. Promotion should be informative, and maybe product category related more than specific product or brand. Interpersonal communications are important, and public relations most viable. The distribution should be limited, emphasis on specialty and on high service.

In the growth stage, the product should be differentiated, especially by features, and price should be full, which means collect margins and profits. With the differentiation promotion, advertising and promotions geared to distinguishing products and brands. And distribution should be expanding.

In the maturity stage, a product should be augmented with service, and full assortment. With increasingly competitive prices and promotions. Distribution should be broadest, shifting toward discount and lower service.

In the decline stage, a product should be fewer, and technology may overwhelm and blur consumer needs. Price-based competition and reminder promotion can be considered. Distribution should be contracting, and low to no services or support.

3.5 Marketing mix

Marketing strategies are implemented through management of the marketing mix. The marketing mix consists of the controllable variables that marketing management can use to influence customer demands (Reis & Trout, 1986).

According to Jonathan Ivy (2008), marketing mix is the combination of marketing tools. Companies use the tool to influence the demand, aiming at controlling the target market and expanding the production.

Marketing mix may include different elements in different situations, and the elements will influence each other. The elements are so important that it can help building up a strategic business plan and leading to great success for the company. Otherwise, losses are unavoidable for the company if the elements are dealt in a wrong way, that is why comprehensive marketing analyses and researches should be done before implementing the marketing tools.

Traditional 4 Ps (Product, Price, Place, Promotion) of the marketing mix will be analyzed here, since they can illustrate the basic questions of a business. In addition, one more P here is included in the thesis, known as People. Because the Chinese culture is much different than the European ones, especially Chinese lifestyles and customer behaviors. Also, Agribothnia Finland Oy is still in the start-up period in exporting to China, other Ps maybe needed in the future, but the People element is more general, thus it is listed in Figure 4.

| | What | Why | When | How | How much | Who |
|--|-----------------------------------|------------------------------|--|---|---|---|
| Product -(Incl. Aftersales & service) | What products do you need? | What need does it fill? | When do you need it? | How will the product fill the need? | Product cost, Volume to be sold etc? | Customer segments to be targeted? |
| Price - | What price will you sell for? | Why is that the right price? | How long will that price be valid? | How will the price develop over time? | How much sales and margin will be created? | Different prices for different segments? |
| Place - | How will products be distributed? | Why choose these channels? | When do customers choose different channels? | How will we create or enter these channels? | What are the cost/benefits of these channels? | How do different segments use different channels? |
| Promotion - | What types of promotion be used? | Why choose these activities? | Timing: Launch, lifecycle etc.? | How will the promotions be executed? | Costs/ benefits of the promotions | Target groups for various promotions? |

Figure 4 Basic questions that should be answered in 4P

A series of basic questions should be answered including what was shown in the 4Ps Chart, and a complete explanation will be listed in the following together with People factors.

Product: A range of tangible and intangible factors are included, for example, the product itself, relevant services, company image, market position etc. Product elements can be summarized as a process, from new product design, technology, value, development to packaging, selling and branding (Booms & Bernard & Mary, 1981).

Price: According to Barringer and Ireland (2010, p. 389), the definition of the price is the amount of money paid by customers to purchase a product. Price plays a vital part in business, and if the price is not equal to the product/service from the customer's perspective, the customer will feel disappointed and never come back for a second time. Prices effect the product position directly, and it can be used as a tool to improve short-term sales, for example, skimming and penetration.

Place: these elements connect the products/services to the target market, which determine the channels like choosing wholesalers and retailers. At the same time, place elements may include direct sales, peer to peer, and multi-channel, while Internet can be regarded as an important influence.

Promotion: these elements are related to channels of distribution, and it determines the profits and pricing strategies. It is connected to marketing communication to a certain extent, which includes special offers, advertising, sales promotion, word-of-mouth, user trials, direct mailing, public relations, competition, joint ventures and so on.

People: the elements include employees, management, culture, customer service etc. The company employees should stand in one line with the mission and vision of the company, be united, and they will influence the products/services that are offered to customers.

The key points can be summarized in the following chart:

| Product | Price | Promotion | Place | People |
|---------------|-------------------------|-----------------------------|-----------------------|--------------------|
| Functionality | Selling Price | Sponsorships | Distribution Channels | Service Provided |
| Appearance | Discounts | Advertising | Logistics | Attitude |
| Warranty | Payment Arrangements | Public Relations Activities | Service Levels | Customer Service |
| Quality | Price Matching Services | Message | Location | Appearance |
| Packaging | Credit Terms | Media | Market Coverage | Employee Portrayal |

Figure 5 5Ps elements in detailed

What needs to be pointed out here is People, which contains these main elements: employees, management, culture, customer services, attitude and appearance.

3.6 Marketing plan

Planning is a process, from defining the mission/vision, setting goals, to marketing and some functional strategies. It plays an important role in developing and maintaining the objectives with gaining marketing opportunities (Kotler, p. 37)

A business plan is needed before a company decide to start up the business, and a marketing plan is included in business plan. For a successful marketing plan, a long-term analysis together with internal and external factors needs to be taken into consideration, with the aim at implementing better marketing activities to achieve company objectives (Michael et al. 2008).

“Goals state what needs to be achieved, and when it is going to be attained, but they do not state how to do that.” (James, 1980). What the products should be in the market is needed to consider as the first step, and in order to succeed, a specific marketing plan about pricing, promotion, and distribution need to be analyzed. Furthermore, an efficient and effective marketing plan also includes at least buyer behavior analysis, service marketing, business-to-business marketing, business-to-customer marketing.

According to Jason (2014), a marketing plan basically includes PESTEL analysis (political, economic, social, technological, environmental, legal), marketing mix, SWOT analysis (strength, weaknesses, opportunity, threat), performance analysis, partner analysis, competitor analysis, and so on. Later, a strategic plan about business alternatives and challenging goals, together with an operational plan about how to realize the goals will be helpful for the business.

Generally speaking, all the business activities need to be planned, monitored, and stand in line with the company objectives. With a good marketing plan, a company can survive when problems arise, and become better and better.

3.7 Market analysis

A complete analysis of the company's situation is the first step to manage the market. The marketing environment, including the attractive opportunities, possible threats, as well as the internal factors of the company itself, is needed to analyze. The advantages or disadvantages should be figured out as much as possible, in order to avoid the risks and pursue the maximization of interests and opportunities (Gary Armstrong, 2006).

A market analysis contains making clear of the company position and the external details that might be relevant to the company and determining the attractiveness of the market (David A. Aaker, 2002).

According to Kotler (2006), the marketing environment can be divided into macro-environment factors, microenvironment factors, and responding to the marketing environment. The macro factors include demographic environment, economic environment, natural environment, technological environment, political environment, and cultural environment. While the micro factors contain the company itself, suppliers, marketing intermediaries, customers, competitors and publics. Since the Agribothnia Finland Oy has already done a basic macroenvironmental analysis of Chinese market, the marketing analysis here will focus more on micro factors.

In order to make the theoretical analysis easier to understand and being accepted by the company and readers, the well-known SWOT analysis and the useful Porter's Five Forces analysis are chosen for discussion.

3.7.1 SWOT Analysis

“A pessimist sees the difficulty in every opportunity, an optimist sees the opportunity in every difficulty” (Winston Churchill, 2008)

According to Kotler and Keller (2009), a SWOT analysis is a kind of a systematic assessment of the strengths, weaknesses, opportunities, and threats of a company. It is a basic and often used tool of strategic thinking.

The SWOT analysis, as shown in the Figure 6, combines key company and environmental variables, aiming at making clear of a complete market situation in order to generate possible strategic options (Nadine & Anne, 2007).

The SWOT analysis is a useful tool for decision-making and understanding the dependency relationship between the company and the environment. Despite of subjective opinions, proactive thinking is needed to make the analysis more efficient and effective (Ricky, 2012).

| | Positive | Negative |
|----------|--|--|
| Internal | <p><u>STRENGTHS</u></p> <ul style="list-style-type: none"> • Creative problem solving and process-development • Experienced with project management, database searching & information gathering • Practiced with communicating complicated ideas in a clear & concise manner • Skilled at analysis and numbers-driven decision making | <p><u>WEAKNESSES</u></p> <ul style="list-style-type: none"> • Inexperienced with common business practices, software and structures • Unfamiliar with important components of business strategy (ex: marketing, manufacturing, cost determination) • Network outside of academia is small • Difficult to save up starting capital |
| External | <p><u>OPPORTUNITIES</u></p> <ul style="list-style-type: none"> • Build a business with unlimited potential and flexibility in schedule & direction • Develop as a well-rounded person with diverse set of skills • Network with people you may not otherwise meet | <p><u>THREATS</u></p> <ul style="list-style-type: none"> • Steep learning curve for business practices that competitors have already optimized • New businesses are fragile, sensitive to economic climate and may not be resilient to owner's mistake |

Figure 6 SWOT Analysis

As the picture shows, a basic SWOT analysis contains the following factors:

Strengths, which means internal attributes and resources that support a successful outcome. And the possible questions that need to answer are: what are the company's advantages? What are the special features/skills/technologies that are better than the competitors? What is the market and sales situation? What kind of experience and professional knowledge does the company have (Frank Bradley, 2005)?

Weaknesses, which means internal attributes and resources that work against a successful outcome. And these might be needed to answer: what is needed to improve? What are the negative factors that make the business not very profitable? Does the company work efficiently, and what costs the most of time and/or money?

Opportunities, which means external factors that the entity can capitalize on or use to its advantage. These questions might be helpful: what are the current business goals of the company? Are there any new target customers? Are there any products/services that might offer an opportunity for the business? What's more, technologies, the changes in the market, the changes in social patterns, policies and activities may also influence the tendency of opportunities.

Threats, which means external factors that could endanger the success of the company. This includes: What are the current difficulties that the company faces? How is the competitors' business going? Do the products meet quality standards? How is the balance sheet and cash flow of the company? Is there anything new have happened, such as new technologies?

The basic process conducting a SWOT analysis starts from identifying the internal factors to external analysis (Kenneth R. Andrews, 1971).

In addition, some other input factors may also influence the objective results, for example, competitor analysis, environmental analysis, and capability analysis. An advanced SWOT analysis can help the strategies and direction of the company, as well as strategic marketing planning, and business development (Edward et al.)

To summarize, a SWOT analysis is a comprehensive process, includes analyzing internal and external factors. The objective is delivering a significant added value to a strategic development of a company (Charles et al. 2008).

3.7.2 Porter's Five Forces Analysis

"Awareness of these forces can help a company stake out a position in its industry that is less vulnerable to attack." (Michael E. Porter, 1979).

Porter's five forces is a rigorous method to analyze the industry, the company, and the relevant market. Since the forces may influence the performance, and all the companies in the industry may encounter the ability to make profits, the five forces

analysis can be used in most of the situations. It can help the company to determine whether it is profitable to enter the industry or not, and the possible extra costs for the specific industry (Porter, 1985)

The five forces analysis based on an internal perspective of a company, and it can also be used for a company which has already operating in the industry. By analyzing the competitive environment, the interaction relationship of the five forces can be shown, which enables the company to figure out the profit potential, combine the strength of the five forces, determine the return on investment or the potential for profits in the industry.



Figure 7 Porter's Five Forces

As the Figure 7 shows, the five forces are:

Supplier power, which is an assessment of how easy it is for suppliers to drive up prices, it is also described as the market of inputs. The potential factors are: number and size of suppliers, uniqueness of each supplier's product, the cost of changing suppliers and the company's ability to substitute the suppliers.

Buyer power, which is an assessment of how easy it is for buyers to drive prices down. The relevant factors are: number of customers, size of each customer order, differences between competitors, buyer's ability to substitute, buyer's information availability, price sensitivity, and switching costs.

Competitive rivalry. The main drivers are: the number and diversity of competitors, industry concentration, industry growth, quality differences, brand loyalty, barriers to exist, and also switching costs.

Threat of substitution, all the relevant and similar substitute products may result in switching alternatives of customers when prices goes up. The threat might be influenced by: the number of available substitute products, buyer propensity to substitute, relative price performance of substitute, perceived level of product differentiation, and switching costs.

Threat of new entry. The main drivers include: barriers to entry, economies of scale, brand loyalty, government policies, access to distribution channels, cost advantages, specialist knowledge, technology protection, and switching costs.

The five forces are based on an economical model, which is known as Structure-Conduct-Performance model, and SCP model for short. By analyzing the competitive forces, a company can make clear the factors that might influence profitability, and the ability to compete effectively in an industry. With the help of sufficient and reliable information, a company can make decisions about whether to enter a specific industry, the relevant capacity might be needed, as well as a plan for competitive strategy (David & Wendy, 2008).

3.8 B2B marketing

According to Ray Wright (2005), B2B marketing means a company sells its products/services to another company for its own use.

Michael et al. (2004) believe that B2B marketing refers to the market where companies, government agencies and public agencies use or sell for production consumption, and purchase products and services locally or internationally.

Business to Business is a kind of business mode, which operate in industrial markets and acquire goods/services, and then sell, rent, or supply the goods/services to other businesses (Kotler and Pfoertsch, 2001).

Since most of the manufacturers sell the products/services to businesses, for example, retailers or wholesalers at the first time, and most of the companies do business based on this process, therefore, the sales of B2B is far more than B2C (Kotler and Pfoertsch, 2001).

And here is some explanation about B2B marketing of Chinese researchers:

Guihua Li (2005) believes that B2B marketing refers to marketing activities between companies or organizations that do not directly involve housewives or ultimately individual customers.

According to Yuliang & Xueling (2004), B2B marketing is targeted at companies, governments, and other non-profit organizations and other users of marketing.

The above definition expresses people's understanding of business-to-business marketing from different perspectives, and they emphasize on different parts. The following three points can be summarized:

Firstly, business-to-business marketing is not related to the marketing of the ultimate individual consumer and is mainly directed at the corporate government and other non-profit organizations.

Secondly, its marketing targets are industrial supplies and business services.

Thirdly, the scope of business-to-business marketing is not only the domestic market but also the international market.

As far as I'm concerned, business-to-business marketing is the purpose of enterprises to meet the needs of business users, in order to improve the core competitiveness of enterprises, and achieve rapid growth and competition to win. It includes products, prices, channels, promotion strategies, and the entire process, rather than the final personal consumer goods. The customers are mainly companies or organizations. By using the optimization of the corporate organizational systems and business processes, in order to improve customer satisfaction and loyalty, corporate efficiency and profitability Marketing.

The aim of B2B marketing is supporting the company sales and increase profits. And the basic process of realizing the aim is (B2B Association, 2000):

Firstly, make clear about what the company do and how to distinguish from competitors, where the company, and where the competitors are effective. Secondly, determine the information to be transmitted, which can clearly tell the customers what the company can do exactly, and what are the benefits for customers. Thirdly, an overall plan about getting resources for highest return on investment, and the infrastructure supports every step of the marketing process. Fourthly, make a list of: goals, target markets, target customers, products, product positioning, and other supporting materials. Last but not least, the value of measuring the results is marketing activities and business benefits, such as the cost of winning each customer.

Electronic business is a fast-developing concept and it includes a large area, for example, Business to Business, Business to Consumer, and Online to Offline Business.

Business to Business E-commerce is a business model, and it is used between companies and enterprises to trade goods and services. The B2B e-commerce is developing really fast, which takes 80% of the global e-commerce sales, and it mainly includes: the coordination of the procurement of Internet between companies and suppliers, material planning and warehousing such as coordinating the company's

product transportation business, sales organizations and their purchasing and coordination between product wholesalers and retailers, customer service, and the company's daily operations such as inter personnel exchanges (Willian Leake & Maura Ginty, 2012).

Under the B2B model, companies mainly advertise and publish information through the Internet. Specific product transactions and customs clearance are basically completed online. Compared with traditional trade, the only way to obtain information and to change the way of negotiation is not much different in nature. Therefore, it is also counted by customs statistics in China's general trade. The cross-border e-commerce B2B model is an activity in which transactions between domestic foreign trade companies and foreign import companies are conducted through the Internet platform, payment settlement, and the delivery of goods through cross-border logistics to complete the transaction (Hui Zhang, 2015).

Kartiwi and MacGregor (2007) believe that the development of China's cross-border e-commerce B2B model can improve the efficiency of SMEs in conducting international trade.

Margaret Taylor (2009) pointed out that through the cross-border e-commerce B2B platform can achieve online communication between buyers and sellers, which can be Shorten the supply chain and increase the efficiency of transactions.

A. Al-Bakri (2010) believes that SMEs can improve transaction efficiency, reduce costs, and shorten the supply chain by entering a cross-border e-commerce B2B platform. Online management can be achieved through the platform, which can achieve global sales and global sales goals.

The development of cross-border e-commerce has positive significance for the development of China's economy and foreign trade, especially at the moment when logistics has gradually improved, cross-border e-commerce has become a breakthrough in China's foreign trade transformation (Meng Xiangming, Tang Qianhui, 2014), and Ren Zhixin et al. 2014).

In China's marketing theories and practices, the marketing organization is weak, and the companies are called "sales company" instead of "marketing company". Even though more and more companies have marketing in their fields and the companies have realized the importance of marketing, most of the companies still pay more attention to the results and ignore the process, and Chinese companies still have a long way to go (Yunbo Qu, 1998).

3.9 B2C marketing

According to Investopedia, Business-to-Consumer (B2C) means the direct transactions of products/services between a company and end-users.

While B2C marketing means the sales operations of a company, and the strategies and practices that are used to promote products/services among consumers. It is a simple process from inventing, promotion, and selling for customers to use in their daily life (Marketing-Schools.Org.Organization).

B2C is similar to B2B to a certain extent, because both of them have a customer orientation, and work backwards from an understanding of customer needs. And both of them need the ability to gather, process, and use information about customers and competitors in order to achieve their objectives (Brennan Ross, 2010).

However, as the following picture show, B2C is mostly different from B2B:

| | B2C | B2B |
|--------------------------------|--|---|
| Market | Large, broad | Single vertical or niche |
| Orientation | Product driven | Relationship driven |
| Time | Short- usually only one step | Long/multi step process |
| Buyer Motivation | Emotional (status, desire, price) or impulse | Rational/based on business value |
| Sales Style | Convincing, i.e., create/find a need | Consultative |
| Customer Lifetime Value | Low | High |
| Branding | Repetition, imagery, point of purchase activities, merchandising | Educational and awareness building activities |

Figure 8 Difference between B2B and B2C

B2C marketing is fundamentally different from business goods/services marketing. It is because the products/services are consumed personally by the people who buy them, and the essence of business markets is that individual organizations undertake the act of consumption. B2B and B2C is different from market size, orientation, time, buyer motivation, sales style, customer lifetime value, and branding. What's more, the risk level tends to be lower in B2C, since the sales scale of B2C is normally smaller than B2B.

Compared with B2B markets, the nature and complexity of products/services in consumer markets are different, diversity is needed, and the relationship between suppliers and customers is longer (Kotler and Pfoertsch, 2001).

According to Vitale Robert et al. (2011), there was a research about marketing mix combined with B2B & B2C. Since Agribothnia Finland Oy is still in the starting period, let's choose to analyze the basic 4 Ps and also the People, since Chinese People is much different than European markets:

Products: In B2C market, products are traditionally made available with limited opportunities for adaptation or customization, and manufacturers try to make con-

sumers order products. In B2B market, the product is reconfigured to meet the customer's special requirements. More technical products to be developed and specified through joint negotiations and partnership arrangements.

Price: In B2C markets, discounts are limited, credit consumption is for spread risk. In B2B market, the designed value is likely to increase as a relationship becomes more collaborative and partnership orientated. Discounts and allowances become more varied and complicated and reflect the risks and opportunities faced by the two parties. So the purchase process is complicated, thus it requires complex financing arrangements.

Place: In B2C market, intermediaries offer the complexity of products that are less useful to consumers. Consumers pay attention to where to buy, quantity. The effort is concentrated on satisfying consumer needs in these areas and enhancing the level of perceived value. In the B2B market, the utility principle is similar, but the main difference lies in the length of the channel and the number of middlemen that are deemed necessary to provide the required functional level. The personalized attention and customization of product supply, together with the quantity and time requirements to satisfy the buyer's needs, have led to a shortening of marketing channels. This leads to direct relationships and new aspects to the way products are delivered.

Promotion: In B2C market, advertising is the main channel, feedback is minimal and relationships between reseller and consumer are more commonly temporary and not very close. In B2B market, advertising is an important part, and audience is a small amount and easy to define. There is also direct marketing or using technology to enable the strategy to support.

People: In the business marketing, the role of manufacturers or service providers is very important. This is especially true in the service industry because they directly affect customers, shareholders, and judge the quality of service. Recruitment, training, and rewards are very important for employees, and the employees' words and images are also very important.

Generally, B2B markets is quite different from B2C markets, and the specific differences should be paid attention to while developing marketing mix.

The B2C model defines the relationship between business and consumers. The biggest difference from the B2B model is that the two sides of the transaction are the enterprises and the consumers. It is worth mentioning that the B2C model is the first e-commerce that has been developed in China. The model is also the most mature e-commerce model currently under development (Shunyu Yang, 2014).

According to Mokhtarian P. L (2004), B2C E-commerce is a business model, in which the Internet is the main part, and products/services are offered through websites. The trades can be in terms of sending, transacting tangible goods intangible services, and electronic payments. Currently, various types of B2C websites are provided on the Internet. In the long run, with the growth of mobile e-commerce and the construction of the Internet, B2C E-commerce will develop rapidly and take a more and more important part in field of e-commerce.

With the increasingly fierce competition in the e-commerce industry, major B2C e-commerce companies in China have not yet slowed down their core competitiveness while opening up third-party platform businesses to get more sources. If the logistics is well controlled, it will not only promote the development of the platform, but also the logistics business may become another profitable point of the enterprise based on the above factors. E-commerce companies in China resolutely continue their investment in logistics construction (Xiaojing Wang, 2005)

According to Peng Guo (2016), Chinese B2C E-commerce at the current stage can be divided into the following categories:

Firstly, comprehensive B2C E-Commerce, which is similar to offline shopping malls. It has a stable network platform, a large number of suppliers, and a wide range of products, a good image reputation, a huge buying group, a safe and convenient payment system, a perfect after-sales service system, and even a self-built logistics system. Comprehensive B2C e-commerce companies have a certain brand influence. It is more formal and more trustworthy in the eyes of consumers. Can

attract a large number of buyers to purchase, including representative sites include Jingdong, Suning, Amazon China, Dangdang, and etc.

Secondly, vertical B2C E-commerce, which means that the company locates itself in a special field and the products it deals mainly meet a specific group of people or a certain type of specific needs, such as specialized sales of clothing, cosmetics or alcoholic beverages. Etc. Such e-commerce sites. The sales of commodities will facilitate the gathering of brand manufacturers and suppliers in the industry, analyze market trends, adjust product lines, and form a specialized purchase service system. Their high prestige in their main areas is often easy to form a loyal customer base. Among them, representative websites include LeFeng, which specializes in women's cosmetics, and Letao, which specializes in footwear products.

Thirdly, the network direct-selling B2C means that companies use the Internet and electronic communication technologies to establish corporate websites and online sales systems, avoiding middlemen in traditional sales. Provide consumers with products and services directly. The direct sales model has reduced the middleman's link. Companies can obtain first-hand market data through direct contact with consumers, learn about consumer demand, and expand new sales channels. Feedback on the effectiveness of promotional activities and improving production and sales strategies are all of great importance. And consumers have also reduced the profit sharing of middlemen and obtained direct purchase benefits. The representative sites include Lenovo Mall, Dell's official website.

Last but not least, third-party trading platform type B2c e-commerce, which refers to an integrated large number of brand manufacturers, manufacturers, to provide sellers with e-commerce overall solution: to create a one-stop shopping service for consumers of electronic Open platform for business transactions. Such websites do not participate in merchandise procurement, inventory, and direct sales. They only provide virtual space for online transactions. They provide information for companies involved in online transactions, customers, outsourcing delivery companies, banks, etc., from network information to business use. Item service. It not only provides businesses and customers with trading opportunities, but also supervises and

manages transactions. They are also favored by small and medium-sized enterprises with incomplete technological and human resources. They are an important way for companies to broaden their sales channels. Representative websites include Tmall, QQ Online, etc.

To summarize, B2C stands in a critical position in marketing. B2C marketing is a series of activities which connects companies and customers, and it includes websites, products, and services to meet the physical and spiritual needs of customers.

3.10 Online marketing

Online marketing originated in the United States. With the rapid development and popularization of global network information technology, online marketing has been widely studied and applied by many companies as a new content in the marketing field.

Rafi Mohammed (2004) believes that online marketing is based on the virtual Internet, creating strategic products for targeted customers, providing products or services, and communicating with customers on the Internet.

Dave Chafee et al. (2004) defined online marketing as "network + marketing", which is a brand-new and revolutionary marketing model that uses the functions and technologies of the Internet to engage in marketing activities. These technologies include the Internet itself and other related products that use the Internet.

Judi Strauss (2004) defines online marketing as an integral part of an enterprise's overall marketing strategy. The overall business objectives are conducted by using the Internet as a basic means to create various activities for the online business environment. The online business environment refers to the internal and external environment of the company and the environment related to the development of online business activities such as corporate marketing website target customers partner suppliers, sellers, and etc.

Chinese online marketing started late, and the following statements are some of the famous definition of online marketing.

Online marketing is an important part of the overall strategy of the company and is a variety of marketing activities carried out by the company to achieve business objectives through the Internet (Ling Shouxing & Wang Lifeng).

Online marketing is a form of direct marketing, which is called online direct marketing. It uses the Internet as the media to carry out marketing activities with new methods and methods. Marketing activities include website construction, and network marketing target market positioning. Online consumer behavior, online marketing research, online product strategy, online price strategy, online marketing communication, network marketing management and evaluation, etc. (Chen Mengjian & Chen Jinhua).

Briefly, I summarize the online marketing definition as: it is the channel through which companies use the Internet, technology and resources to carry out various marketing activities to achieve corporate marketing goals.

Online marketing has the following features:

Firstly, be free from time/space constraints. Through the Internet information exchange can be free of time constraints and space constraints, companies can have more time and more space for marketing, anywhere to provide customers with global marketing. Online marketing seeks target customers within an open, global market and has a wider range of transaction possibilities. At the same time, online marketing also provides a wider range of price and quality comparability, giving customers more choices. Also make the market competition more intense.

Secondly, personalized marketing. The biggest characteristic of online marketing compared with traditional marketing is that consumers become the dominant consumers of the market. They have the power to freely choose products and services. Through the Internet, consumers can choose products globally to enter online shopping malls of interest or on corporate websites, consumers can easily get information about products or services from a personalized consumer experience. At the

same time, companies can also obtain relevant information on consumer preferences on the website, produce products based on the consumer's individual needs, and truly achieve "one-to-one" marketing with consumers.

Thirdly, interactive marketing. With the help of an Internet platform, companies can display product catalogs, product description information to interact and communicate with consumers. Companies can provide consumers with comprehensive product description information and provide products and services that satisfy customers according to customer requirements and market demands.

Last but not least, there is low cost. The exchange of information through the internet replaces the former physical exchange, and online marketing is carried out for businesses. Compared with traditional marketing, the transaction cost of online marketing has greatly reduced. Although companies need to invest in network marketing, they save the expensive rents and sales staff costs of traditional stores, a lot of the costs, and network marketing really achieve no store sales, while exempting expensive rents, saving water and electricity and labor costs, eliminating many tedious intermediate links, and greatly reducing promotion costs and procurement costs. For consumers, this means avoiding middlemen's layered price increases and achieving the lowest possible price buy. This shows that low-cost competition has become one of the most advantageous competitive strategies for network marketing companies.

With the development of the Internet, online marketing has more and more channels which are called social media. Social media is the platform we use to describe people's information exchange. The most popular platforms are: Facebook, Twitter, Google+, Instagram, LinkedIn and YouTube.

Here are some data about how the social media has developed over time:

It took radio 38 years to reach 50 million listeners. TV took 13 years to reach 50 million users. The Internet took four years to reach 50 million people. In less than 9 months, Facebook added 100 million users (Jake Hird, 2009).

94% of companies use LinkedIn as their primary recruiting tool (Top 15 Recruiting Statistics, 2014).

Just over 13% of Facebook users are in North America, more than one third of users are in the Asia-Pacific region (Dave, Chaffey, 2016).

QQ, Wechat, and Qzone, social networks with heavy user bases in Asia, are more popular than Tumblr, Instagram, Twitter, and Pinterest (Dave, Chaffey, 2016).

Figure 9 shows the Chinese digital strategy, which is known as full-service agency. It shows a great quantity of websites, platforms, and software.



Figure 9 Chinese Digital Landscape

With the development of online marketing, and the awareness of the various channels, the websites and software are basically separated into:



Figure 10 China E-Commerce Channels

According to Kipp Bodnar & Jeffrey L. Cohen (2012), social media contains a large range, and it can be tangible and also intangible, then, how to operate on that? Let's take the following channels for example:

LinkedIn is a famous job search site, which connects companies and job-seekers. With using LinkedIn, companies can gain more attention by publishing attractive information, sharing news and research results, and by creating a branded experience. How do companies operate successfully on LinkedIn? First of all, the completed profiles about a company, include for example products/services, size, location, history, achievements and information sharing is one of the most important elements in LinkedIn. Then, a group should be found, and the two parties could cooperate with each other. Connections and values should be created, and others should be invited to join the company. What's more, regular times should be set by companies to share information, update pages, developments and topics.

Twitter is famous for information sharing and service updating. It is easy to operate and understand. In order to succeed in business by using Twitter, companies should create content to share information and resources, find at least five sources to follow,

and build up a relationship with more and more users in the same industry. A company could share articles, links and try to use Twitter advertising to calculate the costs.

Facebook is regarded as the largest social network in the world, and Facebook is planning to have 1 billion users. For companies, welcome pages and links to be created to attract more visitors are useful. Photos, videos and stories can be shared, and advertisements can be done to segment fans and make clear what kind of sales have the highest influence for potential customers.

In conclusion, the introduced technologies have led to a new period. With the development of computers and information, online marketing has become vital, and it has a great impact to customers (Kotler, 1996).

3.11 Brand marketing

“Customers are the owner of brands.” (Todd & Kurt & Lawrence, 2012).

Philip Kotler (1999) proposes that a brand can be a name, a term, a mark, a symbol or a pattern, or a combination of them. It is intangible, valuable, and protected by various laws. Branding is strong, and almost everything are branded, even it is a vegetable or a fruit (Kotler, 2006). Brand contains quite a lot area, for example, brand equity, brand experience, brand identity, brand positioning, brand values and brand vision (PR Smith & Ze Zook, 1993).

According to Smith & Schulman (1991), brand equity is the relationship between products/services and activities that measure the financial value in trade, which also means the customers’ willingness to continue to purchase the brand or not.

Brand marketing basically includes: brand identification, brand positioning, brand image building and brand promotion. The identification and positioning belong to internal brand, while the latter two belong to the external. One brand marketing

means to find out the customer's demands for the brand. A company should refine the brand value and finally reach the customer's requirements.

Brand marketing is the process of making customers form a cognitive process for corporate brands and products through marketing. It builds a marketing network in the heart of consumers and embeds brand images and symbols in the depths of consumers' hearts (Minghai Ye, 2001).

With good brands, customers can enjoy efficiency, assurance, social symbolic value and self-image, because a good brand can help to reduce the information searching process, and make the customers feel safe. For the market or the companies, a good brand can help them to develop their marketing mix, increase customer loyalty, increase sustainability advantages, launch new products, enhance sales and profits, and to improve efficiency of trading (David Aaker, 1991).

After summarizing the brand features and functions, the process to build a strong brand will be clear, and basically, it can be divided into the following three steps (Philip Kotler, 1996):

Firstly, brand planning and positioning, which is really important, since the brand will exist for a long period. Brands should be positioned based on the target customers' minds, and related mission/vision should be established according to the brand. And a "three C" principle can be followed, which is known as consistency, clarity, continuity, and still visibility, and authenticity (Philip Kotler & Waldemar Pfoertsch, 2006).

Second comes, brand name selection and sponsorship. A good name will always be a good start. And there are four options about sponsorship: use manufacturer's brand (a national brand), private brand (which means a store brand or a distributor brand), licensed brand (use other manufacturer's brand or logo, fees should be paid, but it is much better than creating a new brand at the starting time with high costs), and co-brand (which means using established brand names of two different companies on the same product).

Finally, brand development, which is based on product category and brand name. Figure 11 shows can be divided into four categories: line extension (use a successful brand to develop new products/services in the same category with keeping all the brand details the same), brand extension (use a successful brand to develop products/services in a new category/industry), multibrands (use additional brands in the same category), and new brands (use new brands with new product category).

| | | Product category | |
|------------|----------|------------------|-----------------|
| | | Existing | New |
| Brand name | Existing | Line extension | Brand extension |
| | New | Multibrands | New brands |

Figure 11 Brand Development Strategy

What's more, researches should be done all the time, especially from one step to developing the following step. An image should be built gradually, with strict rules followed, such as sustainability development, and brand promotion should never be stopped (PR Smith & Ze Zook, 1993).

4 ANALYSIS

4.1 The market

Current market situation needs to be analyzed and a company should make sure that there is an opportunity to enter the market. The current Chinese oats market as well as potential market will be discussed.

4.1.1 The current Chinese market

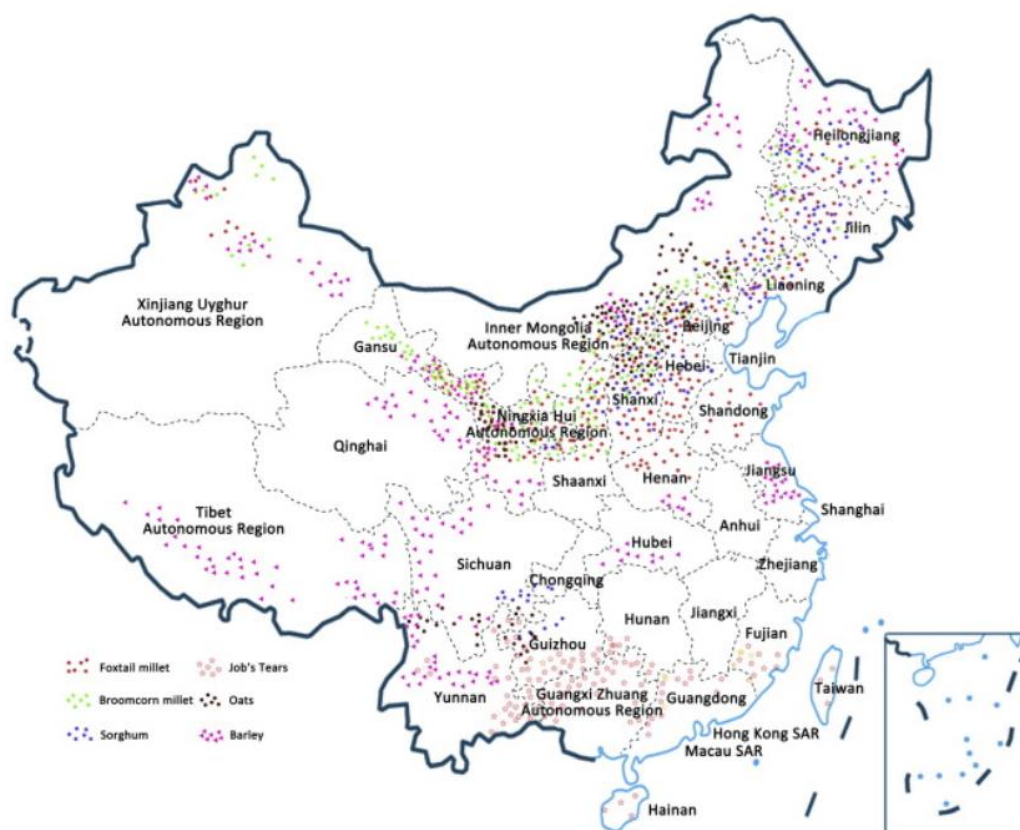


Figure 12 Chinese Oats Planting Area

Figure 12 shows the main area that can plant oats is in the northern part of China, and a small area in the mid-western part of China.

According to Chinese Agriculture Website, Inner Mongolia has the largest oat planting area in China, which is 37% of the country's total amount. Then, Hebei Province is 21%, Gansu Province is 18%, and Shanxi Province, which is 15%. Some other provinces can also plant oats, for example, Sichuan Province, Xinjiang Province, Heilongjiang Province, Jilin Province, Liaoning Province, and Xizang District.

Chinese oats have a history of more than 2,100 years. Based on the planting conditions, the grain yield of oats is between 500 and 2200 kg/ha, however, with good management and condition, it can be 3000 to 3750 and even 4500 kg/ha.

The highest production year is 1998, with the production of 0.79 million tons of oats, but the production went down these years, and the production of 2015 was about 0.60 million tons (Chinese Industry Information Website).

In 2014, the consumption of oats in China was 705,900 tons, and the domestic market reached 2.539 billion Yuan (1 Euro is about 7.7 Yuan).

According to the statistical data of China's industrial big data, the export volume of oats in China was 15.3 tons in 2017, and the export volume of oats in the whole year was 18,000 USD, an increase of 10.31% over the same period of 2016. Throughout 2013-2017, China's oat export volume showed a trend of increasing first and then decreasing. In 2014, China's oats export volume was 520.8 tons, which was the highest value in years.

From the import point of view, in 2017, the national oat imports amounted to 394,300 tons, an increase of 106% year-on-year; the import amount was 94.609 million US dollars, an increase of 47.2% while compared with 2016. Looking at the 2013-2017 Chinese oat import data, 2017 is the year when China had the largest amount of oat imports.

From the perspective of oat imports provinces and districts, the top ten provinces and cities in 2017 were Guangdong, Guangxi, Tianjin, Hebei, Shanghai, Beijing, Jiangxi, Hainan, Gansu and Hunan. Among them, Guangdong Province imported

183,300 tons, ranking the first. Oat imports from Guangxi and Tianjin ranked second and third, and imported quantities were 73,300 tons and 55,400 tons respectively.

According to Farm Products Processing Agency of China, the following are the main questions about oats industry that China faces:

Firstly, there is no uniform standard for oat quality and it is difficult to guarantee quality. China's cereal industry has entered a period of rapid development for nearly 20 years. There are nearly 20 large and medium-sized manufacturers, and there are also more than 20 small-scale cereal factories. Due to various reasons, it has been difficult to formulate unified standards so far. Standards are not unified, quality is difficult to guarantee, product levels are difficult to improve, and disputes over production and sales in the market are not well resolved, which is affecting the development and improvement of China's oatmeal industry.

Secondly, there is a lack of special varieties, and it is difficult to improve the quality of products. China is the main producer of bare oats. Previously, the edible method of oats was mainly based on “traditional foods”, and the goal of breeding was mainly set for traditional foods, and the nutrition of existing oat varieties was not so rich. The quality does not meet the requirements for processing oatmeal, and it is difficult to process high-quality cereals, which affects the improvement of domestic oatmeal products and international competitiveness.

Thirdly, sources of raw materials are mixed, and the quality of products is uneven. At present, raw materials for oatmeal come from thousands of countries. Farmers of ten thousand households in Putian were affected by the small planting area of farmers, and the varieties planted by farmers in different production areas were different. This resulted in the disorder of oatmeal raw material varieties, large batches of processed oatmeal, and large differences in product quality.

To summarize, China is a potential market with great opportunities. A strong brand and high-quality oats is needed in the Chinese market.

4.1.2 The potential market for Agribothnia Finland Oy



Figure 13 The main trading ports

As the picture shows, the red star points are the main ports where Agribothnia Finland Oy ships goods with China by marine today. Since it is better to keep the specific transport lines as a secret, here I only list some of the port names: Chiwan, Dalian, Fuzhou, Nansha, Ningbo, Qingdao, Qinzhou, Shanghai, Shantou, Tianjinxianggang, Xiamen, and Yantian. It covers most of the coastal provinces, and the goods that are transported from Finland to China needs about one and a half month to arrive.

Figure 14 shows the railway transport line used by The Belt and Road:



Figure 14 The Belt and Road, Finland to China

The yellow line is the channel that has already been established, while the others are still under construction. Only 10 to 14 days is needed for good to travel from Finland to China. To the terminal in Zhengzhou, Henan Province. However, the transport fees are much higher while compared with using marine transport. Even though the transportation is limited today because of the laws in different countries, the railway channel has great opportunity to be developed and expanded.

Several tons of oats have already been bought by Chinese customers by the end of April 2018, but it's too little. The Chinese market needs to be explored, analyzed, and planned.

4.2 Market analysis and strategy

4.2.1 SWOT analysis

A SWOT analysis can help company to figure out its situation and position. Figure 15 shows briefly the SWOT situation of Agribothnia Finland Oy.

| Strengths | Weaknesses | Opportunities | Threats |
|---|----------------------------|--------------------------------------|--|
| high nutrition | high logistic costs | competitive price | higher price than competitors |
| the oats are safe and healthy | lack of marketing channels | higher quality oats than competitors | no cooperation factory |
| the oats can grown in all soil types | brand development | all the export certificates gained | competition from Chinese native oats and imported oats |
| light color oats which is popular | lack of funds to invest | online marketing is developing fast | lack of knowledge for Chinese oats industry |
| exporting experience in European markets | | | |
| both railway and marine delivery services are available | | | |

Figure 15 SWOT factors of Agribothnia Finland Oy

About strengths, since oats contain high nutrition compared to other kinds of foods, and they belong to green foods, they are safe and healthy. The seeds from Agribothnia Finland Oy can be planted in all kinds of soil, and as China is big area, and different types of soil exist in different places, the feature can help the farmers a lot. Because the oats are originated from Finland, the quality can be proved, and the long-lasting sunshine help the oats to grow, and the light color is popular. What's more, both railway and marine delivery services are available, based on the customers' needs.

The weaknesses for Agribothnia Finland Oy are the high logistic costs, because Finland is far away from China, and it is difficult to change or cut the logistic prices in a short time. Then the marketing channels, such as the problems of developing social media presence in China. Because the company is still small, and not much funds to invest, the brand should be changed a little and further developed while starting business operations in China.

Opportunities are the competitive price, because the prices offered by Agribothnia Finland Oy is basically the same or even lower than many other European countries, and the products from Agribothnia Finland Oy have higher quality and higher nutrition. With all the export certificated and documents gained, the company is only waiting for the customers. What's more, the online marketing is developed fast, and a Chinese website have already been established.

About threats, the prices are a little higher than the Chinese native oats and Chinese imported oats, because of the high logistic costs. With no cooperation factory in China to have business with together, it's difficult to find, and it is too expensive to build up a factory. Customers have a lot of choices about oats, which means fierce competition. Also, Agribothnia Finland Oy lacks knowledge of the Chinese oats industry, and it is difficult to get the specific information about Chinese people's lifestyles and information on competitors.

To summarize, the risks are always together with returns.

4.2.2 Porter's 5 forces analysis

The model is useful for Agribothnia Finland Oy, because the company is going to start up in China, aiming at expanding business effectively and efficiently.

The power of suppliers: Is a weak factor for Agribothnia Finland Oy, because they have as cooperation relationships farmers in different places. Even though the oats may be influenced by environment and climate, and the conditions, production and the output cannot be always the same, the fluctuation will be small. Since Finnish people are trustworthy and the farmers will not change their job in a short time, and the Finnish government supports the agricultural industry quite a lot, the supplier power might be stable in the upcoming years.

The power of buyers: Should always be high. According to the questionnaire, 182 of the respondents of 331 respondents in total rarely eat oats, while 63 of the total respondents eat oats monthly and 64 of the total respondents eat oats weekly. Among the respondents, rice, corn and wheat are the three kinds of grains that the respondents eat most often, and oat is the forth kind of grain that people eat most often. Still, the oats suppliers from foreign markets have already done the business in China for many years. The Buyers should always be the main element of a business, whether they have a positive or a negative attitude to oats, if oats are needed, then the purchase power of buyers is high.

Competitive rivalry might be strong, because there are already some competitors, and not too much technology is needed in the oats industry. The main competition areas are prices, quality, and the brand. It is a chance for Agribothnia Finland Oy to keep the high quality, offer services for customers and build a strong brand gradually. If the competitors can offer the same quality, then the prices will need to be changed later. What's more, innovation and the supply chain can be extended to other products such as use the oats to product make-ups.

The threat of substitute might be strong. Products in China are not expensive, especially when the prices are compared with the prices in Finland, Chinese prices are usually lower. People usually tend to buy substitutes rather than the original product if the prices goes up. At the same time, there are also a lot of substitutes of oats in China. Based on the questionnaire, 273 respondents (331 respondents in total) choose to exercise to keep healthy, 188 respondents choose correct foods to keep healthy, and 46 respondents choose to eat health products. So basically, the substitutes are strong.

The threat of new entry might be weak, but it is also important for Agribothnia Finland Oy, because China has a lot of cooperation with Finland, and the Chinese president Xi visited Finland in 2017, quite a lot contracts about agriculture and foreign trade were signed. Finland is famous for technology, thus machines for producing oats will stand in the leading position in a long run. And with good quality products and stable prices, businesses will be advantageous. In addition, in order to gain more market share, distribution channels should be improved and developed.

4.2.3 The product life cycle

By using product life cycle correctly, Agribothnia Finland Oy can benefit from project and portfolio management, specifications management, supplier management, packaging and labeling management, compliance and quality management, data syndication. For example, the launching of products will be quicker and reach the

market faster, the costs of products are reduced because of the number of specifications and manage projects through online platforms.

Thus, it will be better if companies can follow the stages from introduction to growth, maturity and decline. Next, in the introduction stage, all the brainstorming, designing, and manufacturing should be done. Then, mission/vision should be created, market activities should be invested, and channels and promotions should be built up.

In the growth stage, sales and profits should always be focused on competitors should be paid attention to and control the prices and costs to meet the demand.

In the maturity stage, the company needs to increase market share. Promotion methods should be expanded such as advertising, and prices can be lowered little if needed. The companies should be flexible, and a strong brand can help the company to stay in the maturity stage for a long time.

In the decline stage, technologies can be improved, additional marketing can be invested, and keep the company to be profitable. What's more, innovate the old products, invent relevant products or new product can be helpful all the time.

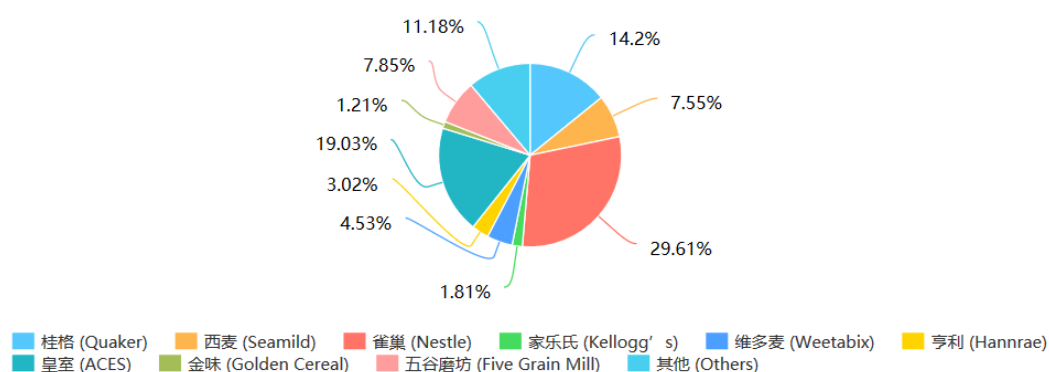
Agribothnia Finland Oy is still in the introduction stage. With the products, services, and certificates ready, the main task now is developing the brand, expanding channels, doing the promotion and making profits. Gradually, the company can start the growth stage. Of course, the specific time of entering each stage is based on the company's functioning situation, and prices as well as profits should always be the main areas to develop.

4.2.4 Competitors

There are quite a lot of competitors that already operate in the Chinese market. According to Chinese Official Brands Website, the top ten oats companies are: Quaker

Savory Instant Oatmeal, Seamild, Nestle, Kellogg's, Weetabix, Hannrae, sanitarium, ACES, Golden Cereal, and Five Grain Mill. According to the questionnaire, 98 of the respondents (331 respondents in total) prefer Nestle, while 63 of the respondents choose ACES, and 47 of them choose Quaker.

According to the questionnaire, 30% of the respondents prefer oats from Nestle, while 19% prefer ACES and 14% of the respondents choose Quaker.



Nestle is a company from Switzerland, and it has more than 500 factories worldwide, which is also regarded as the world's largest food manufacturer, and it has 92 billion US dollars in sales per year. These following products from Nestle can be found in the Chinese market: coffee, tea, milk, oats, health products, chocolates, candies, ice cream, etc. And the oats factories in China are located in Shanghai, Tianjin, and Yunnan.

Take Quaker for example, in 1901, several US-based early oatmeal processors co-founded the company. The Quaker Oatmeal Company was born. The products contain: Quaker savory instant oatmeal, Quaker oat squares, Quaker instant oats, quick cook oats, Quaker flavored instant oatmeal and Quaker cereal beverage. It is famous, and really popular in China. When considering the sales, the online sales (Taobao) for example, in 2018, until May 11, 2018, there were 8972 succeeded transactions, which includes all kinds of products.

Take a Chinese native competitor for example, Guangzhou Jigucuo Biotechnology Limited Company, a subsidiary of Hong Kong Daoxue Group. Guangzhou Jigucuo is a company that integrates food production, food agency and marketing planning. It cooperates with research institutes of well-known universities in China, aiming at people's concern for safe food, taking market demand as its guide, a brand management company of Hong Kong Daoxue Group as brand marketing consultant, and developing healthy green medicine for production. It has the history of more than 20 years, with sales points more than 5000 in Guangdong Province of China.

One more point that needs to be mentioned here is Polar Oats Oy in Finland, which was founded in 2007, and the company has business in China, Vietnam, Japan, New Zealand, Italy, the United States and in some other countries. The company can also offer high quality oats, and it has succeeded in most countries. However, in the Chinese market, in order to attract more customers and earn more market share, the company tried to cut down the prices step by step, but gradually, and the company could make profits, and as factories were closed, and finally the company failed in Chinese market.

To summarize, high-quality products should be always insisted to produce in order to have more customers, price is difficult and also important in making decisions, and business should be planned specifically for the market.

4.2.5 Customers

Based on the questionnaire, 58.91% of the respondents are female, while 69.18% of them are in the age group from 20 to 35, and 10.88% of them are more than 35 years old.

When it comes to the regular places at residence, 255 of the respondents (331 in total) are from central China, while 40 respondents are from eastern China, 31 respondents are from western China, and 5 of the respondents are from northeast China.

Most of the respondents buy products from large supermarkets, the second biggest is online shopping, then convenience stores of the chain.

For the question about “The main methods for you to maintain your health”, “Exercises” was chosen for 273 times, and “Foods” was chosen for 188 times, and “Healthy products” was chosen for 46 times.

When it comes to “The level of your attention to the nutritional value of food”, 141 of the respondents choose neither weak attention nor strong attention, 95 of the respondents care about the food nutrition, and 67 of the respondents strongly care about food nutrition.

By using cross-over analysis to figure out the relationship between “Where is your regular residence” and “How often do you eat oats”, Figure 16 and Figure 17 were developed based on the questionnaire:

第4题：您多久吃一次燕麦 (How often do you eat oats)? [单选题]

| X\Y | 每天 (Daily) | 每周 (Weekly) | 每月 (Monthly) | 几乎不吃 (Rarely) | 小计 |
|--|---------------|----------------|-----------------|------------------|-----|
| 东北地区 (黑龙江、吉林、辽宁、内蒙古东部) (Northeast China) | 0(0.00%) | 2(40.00%) | 0(0.00%) | 3(60.00%) | 5 |
| 中部地区 (山西、河南、湖北、湖南、江西、安徽) (Central China) | 20(7.84%) | 45(17.65%) | 43(16.86%) | 147(57.65%) | 255 |
| 东部地区 (北京、天津、河北、山东、江苏、上海、浙江、福建、广东、海南) (Eastern China) | 2(5.00%) | 12(30.00%) | 10(25.00%) | 16(40.00%) | 40 |
| 西部地区 (四川、广西、贵州、云南、重庆、陕西、甘肃、内蒙古西部、宁夏、新疆、青海、西藏) (Western China) | 0(0.00%) | 5(16.13%) | 10(32.26%) | 16(51.61%) | 31 |

Figure 16 Your Regular Residence and How Often Do You Eat Oats

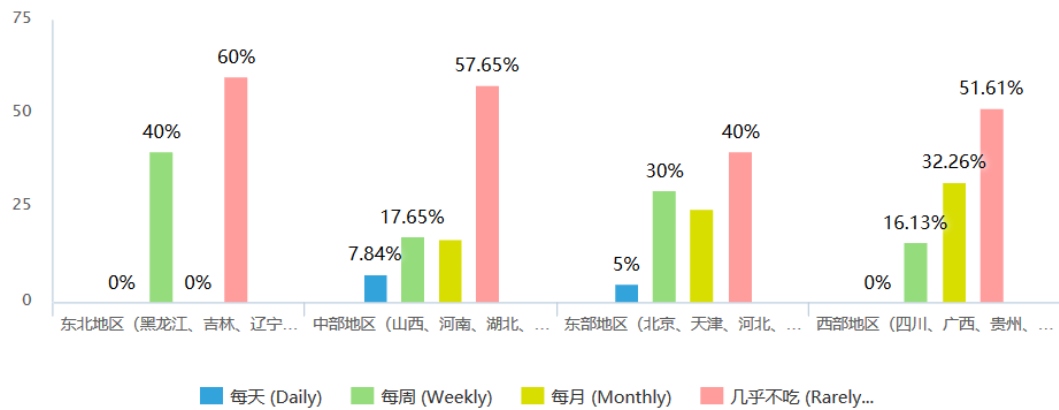


Figure 17 How Often Do You Eat Oats and Your Regular Residence

Based on Figure 16, central China has the highest rate where people eat oats daily, it is 7.84%, and Northeast China has the highest rate where people eat oats weekly, 40%. Figure 16 shows that 32.26% people from Western China eat oats monthly, which is the highest in China, while Northeast and Central China have the highest rate that people rarely eat oats. If summarize all the respondents together, 22 respondents eat oats daily, 64 respondents eat oats weekly, 63 respondents eat oats monthly, and 182 respondents rarely eat oats.

Which age group eat oats more often? Using the same cross-over analysis to check the relationship between “Your age” and “How often do you eat oats” was shown in Figure 18 and Figure 19:

第4题：您多久吃一次燕麦 (How often do you eat oats)? [单选题]

| X\Y | 每天 (Daily) | 每周 (Weekly) | 每月 (Monthly) | 几乎不吃 (Rarely) | 小计 |
|-----------------------|------------|-------------|--------------|---------------|-----|
| 低于20 (Lower than 20) | 3(4.55%) | 9(13.64%) | 6(9.09%) | 48(72.73%) | 66 |
| 20 - 35 | 15(6.55%) | 42(18.34%) | 49(21.40%) | 123(53.71%) | 229 |
| 大于35 (Higher than 35) | 4(11.11%) | 13(36.11%) | 8(22.22%) | 11(30.56%) | 36 |

Figure 18 Your Age and How Often Do You Eat Oats

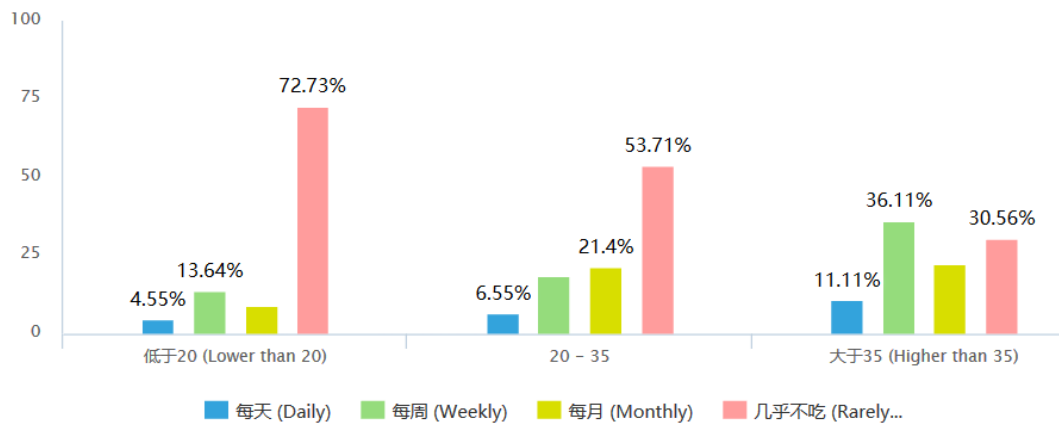


Figure 19 How Often Do You Eat Oats and Your Age

From the results, it's easy to see that most of the people whose age is lower than 20, rarely eat oats, and 13.64% of them eat oats weekly. People who are between 20 to 35 years old, most of them do not eat oats, but 21.4% of them eat oats monthly. And the people who are more than 35 years old, 36.11% of them eat oats weekly, 22.22% of them eat monthly, and 30.56% of them eat oats rarely.

To summarize, it is considered that half of the Chinese people do not have the habit of eating oats, but oats are needed by customers, especially the people from northern and eastern China, and the people who are more than 35 years old. High-quality oats are needed, and the habit to eat oats still needs to be developed.

4.3 Marketing mix

From the nutrition perspective, the value of the products of Agribothnia Finland Oy is high. Take the protein for example, it has 11%, while the protein of corns is about 8.9%, and the wheats is 9.4%, which means oats is a kind of high nutritional products. While comparing with the normal oats in Chinese market, it's also higher, because basically, the protein ranges from 5% to 10.4%.

From the survival rate perspective, the seeds are really good. According to the researches, their survival rate is up to 95%, while Chinese oats seeds have the survival rate at about 86%.

According to the questionnaire, oats are regarded by the respondents as the fourth most common kind of grain that they eat in their daily life. Figure 20 shows the response of “What do you think of the function of oats?”. It is a multiple-choice question, and about 82.18% of the respondents choose “Dietary fiber supplement”, which means 272 of the total 331 respondents think oats is good at supplying dietary fiber (use 272 to divide 331 will be 82.18%). The second big role is protecting the intestines, and there are 186 respondents who think oats are useful in this area. However, few of the respondents think that oats can use for pharmaceuticals, animal feed, and as raw material for cosmetics.

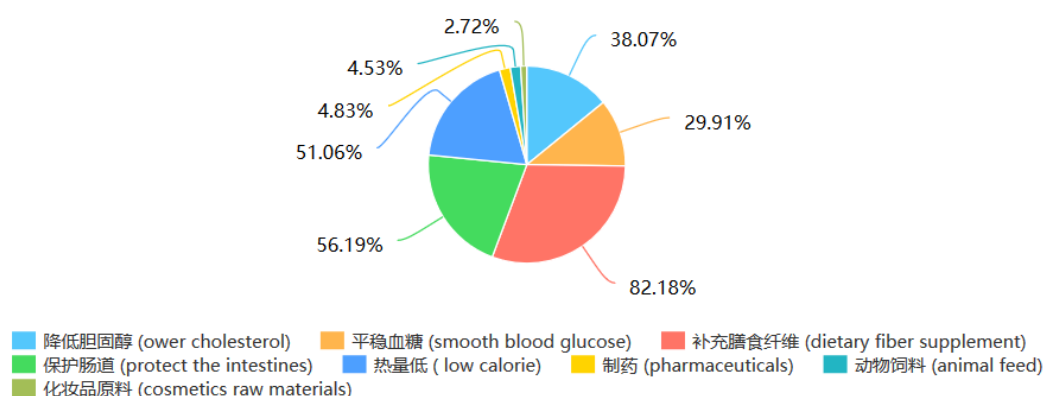


Figure 20 Questionnaire, the function of oats

For the reasons to eat oats, 233 of the total of 331 respondents choose nutrition, while 170 of them choose taste, 66 of them have the habits to eat oats, 48 of them choose suitable price, and 40 of the respondents eat oats because of the brand.

To summarize, the high nutrition of the products and high survival rate of seeds are advantageous. Quite a lot people eat oats, and they respect the nutrition value of oats. Some of the functions can be a new breakthrough in China, such as pharmaceuticals and raw materials for cosmetics. With the extension of product chains, the

profits will multiply. What's more, the taste of oats should be strictly focused, and developing the brand to be strong may also help the business.

The price of oats sold by Agribothnia Finland Oy is 283 USD per ton when using CIF. According to Chinese Agricultural Information System, the Chinese oats are about 1500 Yuan (about 267 USD) per ton. According to the website of Taobao, the oats that are imported from Australia are about 275 USD per ton.

The price of Agribothnia Finland Oy is a little bit higher than its competitors. In fact, the originated price is not high, but the transportation fee is high as China is far away from Finland. Other incoterms can also be used, and if Chinese importers can pick up the oats at a port in Finland, then the prices can be about 270 USD per ton.

Since China is big, and if the factory or the customers are in different places, it will be difficult to keep the same logistic costs, thus the prices in different part of China cannot be kept the same. The places which are far away from marine or railway terminals, should have a little higher price than other locations, such as Xinjiang and Xizang.

Based on the questionnaire, for the question “What do you think is the most reasonable price for high quality oats”, 144 of the 331 respondents choose 30 to 49 Yuan per kilo, which is equal to 3.89 Euros to 6.36 Euros, which can be a suggestion for Agribothnia Finland Oy while setting the prices.

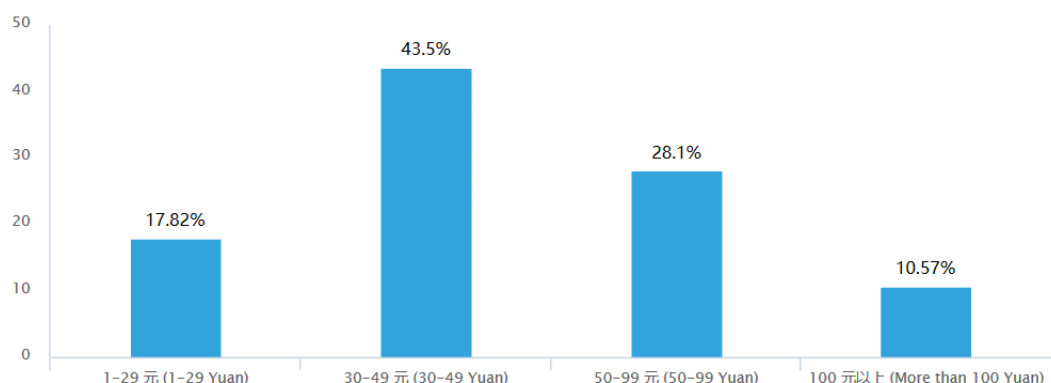


Figure 21 Questionnaire, the reasonable price for high quality oats

In addition, for the question “In the case of the same product, would you choose a product with a higher quality but a slightly higher price”, 86.4% of the respondents choose Yes.

To summarize, if the product quality can be proven to be high, even though the prices might be a little higher than the competitors, it will be acceptable for customers, but the price should be a reasonable and suitable price that can be accepted by most of the customers.

Most of the respondents said “No” to the question of “Are there any oats or food processing factories nearby your home”, and one of the respondents mentioned a milk factory, and one of the respondent mentioned Five Grain Mill.

From the results, it can get to be learned that, food factories seldom appear in residential areas or in a city, and it is a useful suggestion for Agribothnia Finland Oy in finding a Chinese factory.

For the question about “Where do you usually buy oats”, the result is shown in Figure22.

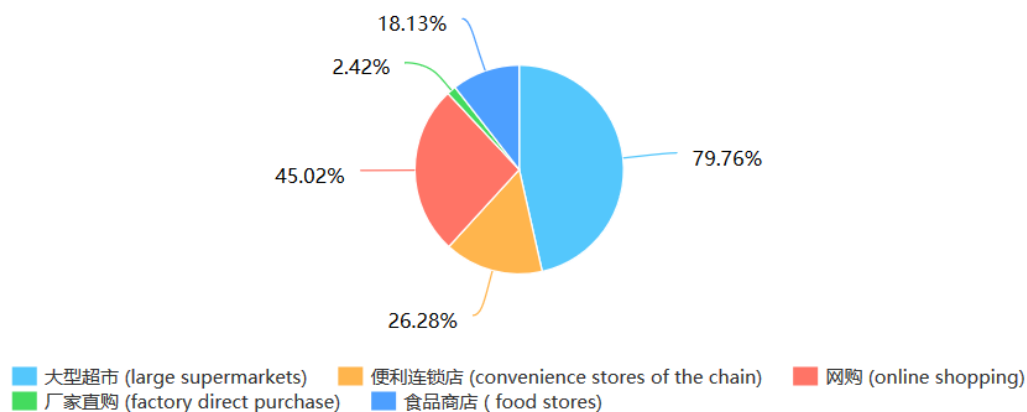


Figure 22 Questionnaire, where do you usually buy oats

Most of the respondents choose to buy oats in large supermarkets or online, thus these two channels are worth developing to a certain extent. The online channel will be analyzed in the online marketing section. Then, how to enter the supermarkets?

All the formal and Chinese local certificates should be gained, then it should be made sure the places to sell the products and decide what kind of supermarket to enter, contact the supermarket by telephone or directly visit, and discuss the renting fees, loss cost and returning charges. Finally, relationships should be built up by signing a contract.

Firstly, what kind of supermarket should be entered: provinces or cities have been determined worth entering, and large sized cities of China, because the aim is to gain as many customers as possible, and build a good brand image, make the people in other cities try to buy the product from big cities. Only the big supermarkets should be considered, and products should be put in the imported goods area. The following supermarkets in Figure 23 might be good choices.



Figure 23 Supermarkets to enter for the first step

Secondly, after the company has already had a good development situation, a visualized future, and it has gained enough experience about politics, economy, culture differences and people's lives, the provinces and cities can be separated into different groups. Places in central of each district can be used to be the packaging factory (of course the prices for different places should be considered), as this can low down the transportation fees. The next aim is to appear in different big supermarkets and

become a public-used product, at the same time, an online platform should also be created in order to get more orders.



Figure 24 Supermarkets to enter for the second step

In promotion, advertising is not recommended to use at the starting time, because the fees are very high. According to the website of Chinese Central Television, taking the channel 4 for example, a five second ads which is played three times per day, the monthly cost will be 598 thousand Yuan (about 77 thousand Euros). Based on the questionnaire, the question “What is the most commonly used way to get new information”, most of the respondents use a search engine or social media software to get to know something new. Seldom the respondents choose TV and newspapers, thus there is no need to devote too much money in advertising in these media. This kind of promotion method can be used in the future if needed.

Public relations and sponsorship is expensive to invite a superstar to promote something, it might be higher than 1 million Yuan (about 129 thousand Euros) per video. However, online superstars are cheaper, and they have stronger promotion ability with online platforms. What’s more, social media can be used, such as sharing pictures, articles, and videos on WeChat, people can follow the account if they are interested, and they can transmit the information on to their friends. Further introduction about how to use Chinese social media will be given later on in the online marketing section of the thesis.

Personal selling can be used, but the responsible person should be fluent in English and Chinese, and he or she can connect the company with the customers by using

telephone, meeting, emails, or online charting. With the aim of building more relationships between customers with the brand or the product.

Direct marketing. Since Chinese people always work and live at a fast pace, and according to the questionnaire, people rarely use emails to transit some new information, thus email is not a good promotion method. However, telecommunication is a useful, flexible and a low cost method, and a phone call is one of the best way to promote in China.

Sales promotions. Games and competition can be arranged, and the winner can get some oats for free or with a discount. With the season changing, the prices can change a little bit to attract more customers and gain more market share.

About people:

The founder of Agribothnia Finland Oy (who is also the CEO now), has worked in the farm, and in recent years, he has employed others to plant instead of him, and he was cooperated with other farmers and producers, in order to build up stronger business.

There are five members in the company, the CEO, one financial manager and three helpers, and the company have five suppliers, through which the high-tech machine as well as the high-quality oats are offered.

The company is well managed, and technological, the machine for producing the oats is in the leading position in the world. The performance measurements and rewards systems are clear, and good customer service are offered. Customers can communicate with the company via phone calls, website communication, and emails.

4.4 B2B and B2C marketing

B2B marketing:

Finland is famous for high quality products, and Agribothnia Finland Oy offers one of the best kind of oats in the world. The company act as a channel of grain export without many middlemen.

Since the labor cost and the rental expenses are high in Finland compared to those of China, and the finished products such as oat grains are not so easy to transport when avoiding humidity and keeping fresh for a long time, Agribothnia Finland Oy has been trying to find a cooperate factory to build up a business together and aiming at becoming one of the main suppliers and sellers of the Chinese oats market.

In order to realize win-win, Agribothnia Finland Oy should stand in one line with the cooperate factory, with the same goals, positioning, target markets and target customers. The best result is to reprocess the oats together and sell the products with shared risks and shared profits. The production chain can be extended to pharmaceuticals, if it is possible. And finally, the results should be measured, such as the cost of winning each customer.

Where to find a factory and cooperate with? It will be analyzed as segmentation in chapter 5.

B2C marketing:

First, I will discuss social engagement. The company needs to develop really hard, and gain more audiences, likes, followers, comments and shares, whether on the website or software. The more publicity the company or the product is, the more potential customers may be gained. What's more, the company website and the accounts in different platforms needs to be updated on time and at fixed times. The company should reply the questions from the potential customers or the website viewers and be enthusiastic.

Second, keep the lead quality, whether it is in products or services. Being able to make the right offer to the right person at the right time, is really important in consumer markets. It can help the company to make clear the target, the customers' needs, the optimal results, and improve the business of the company. Offer good

things, be reliable, and create high value for customers, lead the customers to come back and become gradually loyal.

Finally, the sales and profits, as well as the marketing return on investment should always be the focus. With good financial conditions, the company can function better, make more investments and expand the business.

4.5 Online marketing

The following picture shows the result of “What are the most commonly used way to shopping online, choose 3”.

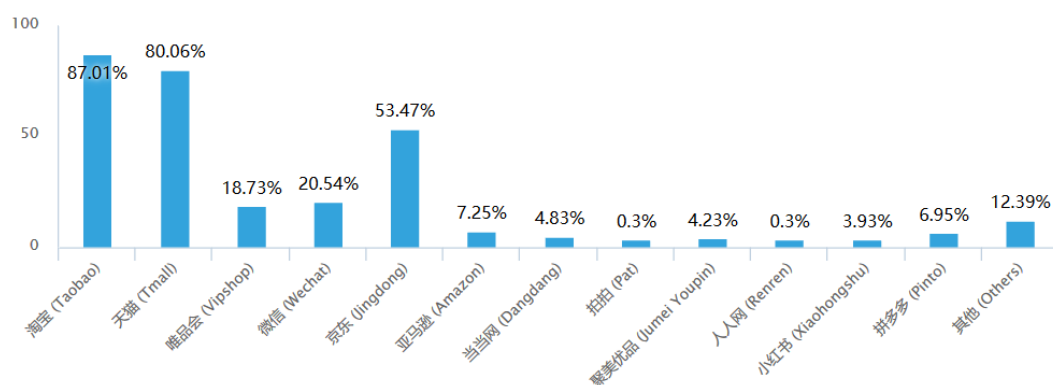


Figure 25 Questionnaire, commonly used way to shopping online

As shown in Figure 25 and the questionnaire, 288 of the respondents choose Taobao, 265 respondents choose Tmall, 177 respondents usually use Jingdong, while WeChat is the forth popular online promotion, then it is Vipshop, Amazon and others.

Based on the questionnaire result, in order to transmit information, the company needs to share information on Taobao, Tmall, Jingdong, Wechat and Vipshop. Agribothnia Finland Oy needs to register stores in China and apply for selling products

on these channels online. The information about the company, product, price, services etc., should be updated at fixed times and on time, because it is the company's responsibility to tell the customers what the benefits are for the customers.

As we known, Taobao, Tmall Jingdong and Vipshop belong to the same type of platform, which connects businesses and final customers. Take Taobao for example, until the end of 2017, there were 5 million sellers or businesses that have already registered on Taobao, with 0.5 to 0.6 billion customers and buyers, while the trading volume is more than 1 trillion Yuan (about 0.13 trillion Euros). It shows that these emerging platforms are worth investing in and building a business. In addition, Vipshop is famous for the global mass of goods, and it only sells high quality products with strong brands in the world. It is really attractive, and the sales per year on this platform are 72.9 billion Yuan (about 7.47 billion Euros).

They have basically the same methods or steps of operation: first, visit the website, choose "seller", choose "open a shop", and fill in the blanks which are relevant to the company and the products. Secondly, read the agreements carefully, and choose "I know, continue to open the shop". Thirdly, the authentication of an online bank account and the seller's personal ID card in China, then the application of opening a shop will be sent to the system. Within a week, the application will be approved or refused. If successful, then the company can start the business. What's more that needs to be mentioned here is: quite a lot customer would like to ask questions online, thus the manual service will be needed. Also, occasional discounts are attractive. The method to operate Vipshop is basically the same to Taobao, Tmall and Jingdong.

When it comes to WeChat, it is one of the most popular social media sites in China today, and the functions are similar to Facebook. There are about 1 billion users on WeChat at the end of 2017, and the trade volume was more than 1.5 billion Yuan (about 0.19 billion Euros).

The operation method is not difficult: create a personal WeChat account, together with a WeChat public number. The relationships with potential customers are important, and the more people that can see the publications, the more opportunity

there will be. Articles, pictures, videos and any kind of new information should be published several times within a day, and official announcement or the improvement of technologies and anything that is important, can be put on the WeChat public number. The operation methods are simple, but it is not so easy to collect relationships.

4.6 Brand marketing

Based on the questionnaire, about “How much do you care about the packaging design of the product”, 152 of 331 respondents choose neither care nor do not care, while 97 of the respondents care about the package, and 42 of the respondents care about the package very much.

A good image is important, and Figure 26 shows the latest logo decoration. Use the origin company name, and the word Finland to be noticed, as well as a lovely oats image.



Figure 26 The logo of Agribothnia Finland Oy

According to the questionnaire, for the question “In the case of similar products, if prices are similar, you prefer imported goods or domestic goods”, 56.19% of the respondents prefer imported goods, which is positive for Agribothnia Finland Oy.

For the question “The tendency for brands in your consumption”, 42.3% of the respondents choose neutral, while 31.72% of the respondents pay attention to the brand when purchase goods, and 12.4% of them strongly care about the brand.

A good brand is needed, and it should be developed with consistency, clarity, continuity, visibility and authenticity.

Since Chinese people can rarely speak Finnish, and the English penetration is not high, a good Chinese name was needed, and it was determined after a long-term consideration: “芬兰波的尼亚粮食有限公司”, it means “Bothnia Food Limited Company of Finland” if it is translated directly.

The word “Finland” can tell the customers that the quality might be high, and the “limited company” can show the nature of the company, and some of the Chinese people know about “Bothnia”, which is a beautiful sea. Thus, it is a good name.

For the question of “Your understanding of Finland (famous for technology and quality)”, the average of the results is “do not understand”. Among the respondents, 85 of the 331 respondents choose neither understand or do not understand, while 10 of the respondents know about Finland, and 16 of the respondents know Finland very well.

According to the questionnaire, 48.34% of the respondents prefer a bag to be the package of oat, while 35.35% of the respondents prefer a can to be the package, and 16.31% of prefer a box to be the package.

In order to keep the brand, while developing a sponsorship with a factory, the best choice is to have a co-brand, which means using established brand names of the two different companies on the same product. A deep discussion and a specific contract will be needed. In the future, if the company can develop really well, then, the cooperation can be cancelled, and use the company’s own brand be used on the product and package. The company may have its own factories and even farms in China, thus developing brand is really important.

Finally, brand development should be implemented all the time, the line extension might be a good choice, which means using a successful brand to develop new products/services in the same category with keeping all the brand details the same. In the future, if the company develops well, then brand extension might be useful,

which means using a successful brand to develop products/services in a new category/industry.

5 FROM QUANTITATIVE TO QUALITATIVE

In the previous section, theories and analysis are developed, however, due to the uneven types of respondents, segmentation is hard to make. The data is not enough to analyze, and it's difficult to get some specific answers from a questionnaire, thus things should come back to qualitative research. I cannot go back to China in a short time, and I have studies in Finland, so the interviews were done with video calls, and the questions were based on what is needed to make clear in this research.

First, I interviewed my uncle's wife's sister, Wang, who is 44-year-old, and has been working at Ningbo, in Zhejiang Province for about 20 years.

This is her answer for her situation now: "I work in the food industry, and I'm responsible for the inventory, purchase orders and customers of a sea food company. Our products are related to wholesalers in the seafood market, direct supplement to restaurants, and processing factories. Like most of the people who work in sea food industry, my working time is flexible, sometimes from 5 in the morning, and sometime from the afternoon till midnight."

About the relationship between her health, lifestyle and oats: "I worked really hard because of the fierce competition, and actually, with my age grows, I do not feel as energetic as I used to, and I was diagnosed with mild hypertension about 3 years ago, then I tried to discuss with my boss with the working time and workload. I work more in the early mornings now, it's better, but sometimes, I'm busy, and do not have too much time to cook nutritious food, because my husband usually eats in the company, and my son is at school. These years, I eat more and more grain and vegetables instead of meat. Oats are a good choice, it's suitable for the people like me. I can cook some porridge with oats when I get up, then I can dress up, make the bed, and eat, and my family members will not be bothered. Oats and corns helps me to stay healthy, and my family eats both oats and corns at least twice or three times a week if I have time to cook. And I think it's the same in many other families."

For the transport fees, "We have a cooperated transport agency, and they help us to deliver. The live seafood needs to be transported in cold boxes for long distances

and in water boxes for short distance. The fees are 3 to 4.5 Yuan (about 0.39 Euro to 0.58 Euros) per kilometer. For the frozen products, we usually use refrigerated truck to transport, and it should be controlled under -18 degrees, a truck can transport about 10 tons, and it costs about 2000 Yuan (about 260 Euros) per day for transportation. But for oats, I think it must be lower than for seafood, and the transportation in China is much developed, it will not be expensive to deliver in most of the places in China.”

Secondly, I chose to interview one of my schoolmates. She is 21 years old. She comes from Inner Mongolia, and her family raise sheep on Hulunbeir Grassland.

“My family is nomads, and my parents raise about 130 sheep. Our county has about 23000 people, and half of them work in agriculture and animal-breeding. Since the gradual privatizing ownership of the land, there are less and less public grasslands, and the range for sheep activities is smaller. The sheep can eat grass, but more and more feedstuff is needed, for example, green feed such as leaves, silage such as barley and green corn, dry feed such as crops, concentrate feed such as corn, juicy feed such as carrot, animal feed and so on. Our family buy the feed in feed stores in the county or the nearby counties.”

About oats, “Some of the families have horses, their feed is different. I can find some kinds of oats are sold in animal stores, maybe for horses, and the some of the local people plant oats and sell. If I seldom eat oats while studying in the university, because students cannot cook in the dormitory, I still think oats are part of our life, and my family usually cook oats, not every day, but at least three or four times a week. My family buy oats from local supermarket and sometimes we buy it online, the supermarket contains most of our a local brands, and we have tried several other brands by shopping online. I don’t know about the oats from Finland, but if the nutrition is high, and price is just a little bit higher than for the normal oats, I think people will like it, especially the farmers, they will choose it to plant or raise stronger horses.”

Lastly, I interviewed my uncle, who has been operating a furniture factory in Wuhan, Hubei Province for more than ten years.

“The factory was rented from the local government, the contract needs to be renewed every five years. The factory is about 1200 square meters, and the rent fees is about 180000 Yuan (about 23400 Euros) per year, and taxes take 5% of the sales. The factory is not far away from the city center, only 30 minutes to drive is enough, because the factory does not cause too much pollution. We have a small exhibition place in a furniture store, which is located nearby the city center. It is about 30 square meters, but the rent fees is about 60000 Yuan (about 7800 Euros) per year. We opened an online store last year, it works quite well, and we are preparing to cancel to exhibition place nearby the city center. The transport fees are high for us if the customer just orders several chairs or tables. For short distance, we can transport by ourselves or ask for drivers to transport with a microbus several times, it is about 100-150 Yuan (about 13 to 19 Euros) per trip. For longer distance, we use trucks, which can transport 150 to 500 chairs, and the fees is 1000 to 2000 per day.”

About oats he said, “I know that there is a rice processing factory, a milk factory, and an oil factory nearby, they are in the food industry, and there is not too much pollution, and I think the rent fees are the same. I like oats, and my family eat oats almost every day, for breakfast or for dinner, it’s healthy, and it can protect my stomach. For high nutritious and high-quality oats, I will absolutely try it. I think Wuhan is a good place to build up business, it is located in the central place of China, and it’s really easy to purchase raw materials from several suppliers from different cities, and it’s convenient to sell to final customers.”

To summarize, more and more people know the value about oats. It's healthy and it saves time. People are willing to try the new oats with high-quality. The factory rental fees are different in different places, but the transport fees are not high.

5.1 Target customers and district

According to the questionnaire results and the interviews, for the different age groups, the people who are more than 35 years old should be the target, because

most of them have families, they will cook more often, and they care more about health.

The customers who live in the Central part of China and the Eastern part of China should be the target customers to a certain extent, because there are few oats in this area, people need to buy oats from other places, and this offers opportunities for oats companies to enter. In addition, there is a tendency that people emphasize health more and more, and they are forming the habit of eating oats now. Also people prefer to buy oats via large supermarkets and online, thus the delivery will not be difficult.

5.2 Where to build a factory



Figure 27 Where to build a factory

In the Chinese geographical map, the red stars are the ports that can be used to transport by sea, and the red circle is the terminal of the Belt and Road.

The red smile face, Wuhan, in Hubei Province is considered as an advantageous place for building up a factory or cooperating with other factories, and for the following reasons:

Firstly, Wuhan is in the central and a little bit in the eastern part of China, it is not far away from the sea, and it connects most of the ports and the railway terminal from Finland to China. The transport fees for the raw materials will not be high.

Secondly, it connects most of the places with high demand, such as Inner Mongolia, Guangdong, and Guangxi. Since Wuhan is in the central part of China, it will be easy to deliver finished products to customers or to other businesses.

Finally, the rental fees, labor fees, and transport fees are a little bit lower compared with other cities such as Shanghai and Tianjin.

Of course, Wuhan is the best choice only if the local factory is willing to cooperate with Agribothnia Finland Oy with a shared brand, shared profits and shared ability to control the market price. Otherwise, it will not be needed to transport the raw material to Wuhan and to deliver it out after the products are reprocessed, because the logistic costs must be higher. Under this kind of circumstance, it will be better for Agribothnia Finland Oy to cooperate with factories which are nearby the ports, and the port must be the one that have the largest trading in China.

6 A MARKETING PLAN

Based on the discussed theories, analyses, questionnaires and interviews, the key points are summarized here as a brief marketing plan, a specific explanation and analysis process is explained in the previous chapters.

1. SWOT analysis:

The strengths of Agribothnia Finland Oy contain high nutrition products, the oats are safe and healthy, the oats can grow in all soil types, they are light color oats which are popular. The company has exporting experience in the European markets, and both railway and marine delivery services are available. The weaknesses include high logistic costs, lack of marketing channels, brand development, and lack of funds to invest. Opportunities are the competitive price, higher quality oats than the competitors, have all the export certificates have been gained, and online marketing is developing fast in China. The threats contain higher prices than the competitors, have no cooperation factory, competition from Chinese native oats and imported oats, and lack of knowledge of the Chinese oats industry. What needs to be remembered is that strengths should be continuous, opportunities should be turned in to strengths, weaknesses should be cut down, and threats should be decreased. And a risk is always combined with a possibility for return.

2. Porter's 5 forces analysis:

The power of suppliers is weak, but the power of buyers will always be high, because buyers should be the main focus of a business. Competitive rivalry might be strong, because many competitors already existed, and the threat of substitutes might be strong, because Chinese products always have a lower price compared to other countries, and people have quite a lot of product choices in China. However, the threat of a new entry might be weak, because of the stable agriculture cooperation relationship between Finland and China. That is to say, the customers and competitors should be strongly focused while Agribothnia Finland Oy is developing the business.

3. Product life cycle:

Agribothnia Finland Oy is in the introduction stage at the moment, but after the products, services, channels and brand are ready, and profits increase, then the company can start the growth stage. The stages from introduction and growth to maturity and decline should be followed and different strategies had used in different periods.

4. Competitors

Agribothnia Finland Oy should pay attention to competitors' prices, technologies, channels, and sales. High-quality products should be always produced, and new channels should be expanded in order to have more customers. Price is difficult but also important to set, and the profits should be proved to be gained all the time.

5. Customers

Most of the Chinese people do not have the habit to eat oats, but oats are needed by customers, especially the high nutrition and high-quality oats. More researches about Chinese customers' lifestyles should be done in the future, and strategies should be based on what the customers need.

6. Marketing mix:

Product: High nutrition of the products and high survival rate of seeds are advantageous, and the Chinese people think this function is really important. The other functions of oats can be a breakthrough in China, such as pharmaceutical, raw material for cosmetics and so on. The extension of product chains, the product taste, and building a strong brand should be the main focus of business.

Price: If the product quality can be proven to be high, the customers will accept the product even if the price is higher than the competitors. However, the price should be reasonable and acceptable for most of the customers.

Place: Firstly, the company should enter large supermarkets in the big cities of China, and sell the products in the imported goods section. The supermarkets like

Walmart and Carrefour may be a good choice. Secondly, after Agribothnia Finland Oy has gained a well developing situation, a visualized future, and knowledge about the Chinese market, then, they should enter different supermarkets in more cities, and become a publicly-used product. The supermarkets like Yonghui and Century-Market may be good choices.

Promotion: Invite online superstars to try the product and share it with audiences. Publishing pictures, articles and videos on social platforms or software may also be useful. A sales person can be employed by Agribothnia Finland Oy to implement the personal selling and telecommunication. Sales promotions like discounts based on games will be a good choice.

People: Marketing managers, project managers, technological engineers and other employees may be needed by Agribothnia Finland Oy to develop the business. The performance measurements and reward system of the company should always be clear, and more channels for contacting should be developed.

7. B2B marketing:

Find a Chinese factory to cooperate with after enough consideration about logistics costs, rental fees, mission/vision, and brands. The factory location will be mentioned in point 12 (segmentation).

8. B2C marketing:

Pay attention to social engagement, develop relationships and gain more potential customers by establishing website and platforms for the Chinese customers. Then, keep the lead quality, both in products and services. Still, sales and profits, as well as the marketing return on investment should be focused on at all times.

9. B2B & B2C combined with marketing mix:

For products: In B2C market, the traditional and high-quality oats can be offered for customers or farmers. In the B2B market, oats can be traded as semi-finished

products for special requirements, because they can be produced into medicine, animal feed and even make-up.

For prices: In the B2C markets, set proper and stable prices, with limited discounts for long-term development. In the B2B markets, discuss the price with factories or the partners. Use pricing strategies to gain more market share.

For places: In the B2C market, know more about the consumers' needs about where to buy and the delivery problems, try to satisfy them. In the B2B market, pay attention to the channel and middlemen. And time is also an important factor.

For promotion: In B2C market, use online platforms and social software to disperse news, build up the relationship between the company and customers, and try to get feedback. In B2B market, use direct marketing or technologies to enable the strategy to support.

People: Manufacturers and service providers play an important part in business marketing, recruit, train and reward the employees carefully, and keep the good company image in their heart.

10. Online marketing:

Establish online stores on Taobao, Tmall, Jingdong, Vipshop and more if possible. Create a personal WeChat account, together with a WeChat public number, share different kinds of information, collect relationships, and gain customers.

11. Brand marketing:

Keep the brand name and brand logo, create beautiful packages with pictures or words about Agribothnia Finland Oy. If possible, use bags as the package of the finished products. Contact the cooperated company, try to make a contract, and use both of the companies' brands on the product. Brand development should be implemented all the time, such as using a successful brand to develop new products in the same category or to develop new products in a new industry.

12. Segmentation:

Target customers: The people who are more than 35 years old

Target district: The people who live in central China and eastern China

Where to build a factory: Wuhan, Hubei Province is the best choice for having a cooperated factory, but only if the factory is willing to share brands, share profits and share the ability to control the market price with Agribothnia Finland Oy. Otherwise, cooperate with a factory which is nearby the port, and the port must be the one that has the largest trading in China.

7 CONCLUSION

Chinese oat industry is developing fast, but the industrial chain is not perfect. The production of oats keeps increasing, and the market demand is strong. The Chinese oat yields are lower than the world average, the oat product categories are limited, and high-quality raw material supplies are deficient.

An analysis of consumer behavior shows that the market size and potential of oats are relatively large, the conditions for the formation of scale demand are not yet met, the values and functions of oats still needs to be paid attention to, and the oat details need to be improved such as brands, prices and packages.

An empirical analysis of consumers' willingness to buy oats and its influencing factors indicates that there is no industry leading brand, and the category market has not yet formed.

The oat industry is developing rapidly, and the barriers to entry are not high. The modern marketing concept is weak, lacks coordination and other constraints, the market share is not high, the industrial concentration is low, the agglomeration effect is not obvious, and it is difficult to achieve economies of scale.

“Agriculture + Ecology + Leisure + Entertainment” will be a breakthrough of the agriculture business in China.

While entering the Chinese oat industry, the company needs to pay attention to the high standardization of products, more marketing channels but fewer members, and the branding process. More research about customers' preferences, lifestyles, and real needs as well as marketing channels are recommended to be implemented in the future.

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